

## CHAIRMAN'S STATEMENT

The year 2002 was a year of milestone for the Group. We have made excellent progress since we became a consulting-oriented IT solutions provider in March 2002. During the year, we brought changes to the Group that will ensure continued growth in the coming years and create a strong foundation for implementing the Group's business plan.

The management has transformed the Group from a construction company in a depressed property industry to an information technology ("IT") solution and consultancy service provider in a prosperous financial industry. The Group is now equipped with a new business model and a pool of talents to meet the challenges in the era of knowledge economy. The Group has built up a team of over 800, over 80% of them possess graduate degree or above with indepth understanding of China's IT and consultancy industry. Years of effort of the management team have brought about a new business model that is innovative and revolutionary. The success of the model is illustrated by the breakthrough in winning of IT consulting contracts. The competitors were those multinational key players in the consultancy industry. During the year, we have completed the contract for Shenzhen Development Bank to upgrade the bank's core banking system. In addition, we have secured agreements respectively by Industrial and Commercial Bank of China (Asia) Ltd. and Bank of Communications of China.

The positive impact of the management efforts to the Group is obvious, which is shown by the results and financial position. Turnover for the year ended 31 December 2002 was HK\$370 million, representing a more than 9-fold increase from the same period last year. It is understood that during the developing and expanding stage, large overhead incurred is inevitable to building up new teams and establish market position. As such, the Group recorded a loss of HK\$41 million, which included a gain of HK\$7 million arising from the disposal of the construction business. I am confident there will be improvement in the performance in the coming future. The capital base was enlarged to 333 million shares as at the year end from 101 million shares as at last year end. Net tangible assets as at 31 December 2002 is HK\$64 million which is tripled that of last year. By strengthening the market position and financial base, the Group has established a secured base for future development.

Besides expanding market position and strengthening financial position, the management has endeavoured to rationalize the resources by restructuring and refocusing. They have completed the disposal of the construction group and focused on IT solution and consultancy businesses. The management has also undertaken a review and intended to realign departments and resources to further enhance the operation efficiency. The rate of progress in terms of technology and capabilities is explosive. There is hardly an organization which remains static to survive and prosper. Management team is keenly aware of the requisite variety to meet the challenges brought by the changes in the marketplace. With the energetic team comprising industrial experts and professionals, the Group remains adaptive and competitive through continuing learning and advancement.

I would like to take this opportunity to express my heartfelt appreciation to my fellow directors and the management team for their continued contribution and drive in improving the business.

**Cheung Yuk Fung**

*Chairman*

Hong Kong, 22 April 2003