

Technology Venture Holdings Limited (TVH) experienced a year of change in 2002 which led to a restructuring of its business operations, and most importantly, a strident new move to bring TVH closer to the everyday life of mainland Chinese people and their needs.

宏昌科技集團有限公司（集團）在二零零二年經歷了重大變革，因而重整了旗下各業務部門。最重要的是，集團作出了嶄新部署，真正介入國內人民的生活，服務其需要。

Dear Members,

各位股東：

Global information technology (IT) market remained sluggish in 2002 and despite signs of a gradual recovery in coming years, we believe that such rebound momentum would very likely be dampened by persisting over-capacity and fierce vendor competition.

全球資訊科技市場在二零零二年依然疲弱，雖然市況已有跡象在未來數年逐步復甦，但反彈回升的動力，相信會因長期生產過剩及供應商間激烈競爭而大為削弱。

Given such worldwide trends, China's IT market in 2002 recorded a lethargic expansion of 4% and negative growth in the hardware market, according to International Data Corporation (IDC). It says the hardware market is expected to recover in 2003 but competition is expected to remain tough leading prices to fall. Nevertheless, IDC predicts an annual average growth rate of 20% in China's overall IT spending until 2006 and higher proportions of software and services as the market is becoming more mature.

在衰退的全球趨勢下，International Data Corporation (IDC)發表的報告稱，二零零二年中國的資訊科技市場僅錄得4%輕微增長，硬件市場更出現負增長。報告預測硬件市場將在二零零三年復甦，但認為行業的競爭依然激烈，硬件價格將進一步下調。儘管如此，IDC仍預期中國整體的資訊科技開支至二零零六年的平均年增長率達20%。隨著市場日趨成熟，軟件及服務將佔整體開支更大比例。

Against such difficult conditions, TVH continued to consolidate and rationalize its operations to strengthen competitiveness and improve operating efficiency in 2002 with improved operating results. Excluding the non-recurring loss on the disposal of DMX Technologies, the Group successfully narrowed net loss significantly compared with the previous year.

面對艱困的經營環境，宏昌科技在二零零二年繼續整固及優化各部門的運作，以增強競爭能力，並提升營運效率，令經營業績得以改善。撇除出售宏天科技之非經常性虧損，集團成功將其淨虧損大幅收窄。

REFINED BUSINESS STRATEGIES

重整業務策略

TVH has been a committed provider of state-of-the-art IT products and services in China. In the past decade, TVH has gradually evolved from a trader of packaged technologies to an enhanced IT solutions developer and provider that caters to specific customer

宏昌科技一直致力為中國提供先端資訊科技產品及服務。在過去十年，集團逐步由一家純粹分銷原裝科技產品的貿易商，發展成提供全面服務的資訊科技方案開發商及

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needs in China. Significant investments have been made to incubate a team of elite local IT professionals, develop customized software products and establish a nationwide servicing network, reflecting the Group's commitment to making a significant contribution in building China's IT infrastructure.

With the fast shifting economic and social landscape of the country, we believe that this is the right time for us to move one strategic step forward, to get in pulse with the needs of the Chinese people and assimilate our offerings into their everyday life. Being an established and leading solutions provider in China facilitates the Group to make this big leap forward.

2002 represented a landmark year for TVH as the Group sharpened the business focus for all of its business divisions to better capture development and growth opportunities, and at the same time pooled resources and expertise to spearhead into new growth areas in China.

From years of operating business in China, the TVH management witnesses the country's fast social evolution with the emergence of a growing middle class that yearns for intellectual enhancements and professional training services. Our directors (Directors) believe that successful businesses in China are those that are in tandem with the country's social reform and structural evolution, and one of TVH's strategies to tap into this potentially powerful growth reserve is through the provision of IT-enabled education and training services to students and professionals.

CORE BUSINESS

Although the future of the overall IT market remains unclear, TVH believes that the provision of IT-enabled and support services for specific sectors in China will still present growth opportunities. All of the Group's divisions – TopAsia, Sequent China and ADT – have been re-positioned to become more service-oriented operations to provide TVH a steady and recurrent cash-based income.

供應商，以滿足國內客戶的獨有需要。多年來集團作出了多項重大投資，藉此培育出一支本土的資訊科技精英隊伍，開發了各類型專門軟件產品，並且建立了一個覆蓋全國的服務網絡，足見集團為中國資訊科技基礎建設所作出的貢獻。

中國的經濟和社會環境變化迅速，管理層因應人民的實質需要，作出另一戰略部署，深化集團的服務，進一步介入他們的生活層面。宏昌科技在中國市場穩踞鞏固根基和領導地位，有助集團跨越固有營運模式，真正切入國內社會文化。

二零零二年對宏昌科技來說異常重要，年內集團進一步銳化各個部門的業務重心，以捕捉每一個發展和增長的機會。同時，集團亦調配資源及科技專才，開拓教育及培訓資訊科技業務。

集團管理層在中國營商多年，親歷國內社會結構的迅速演變，並察覺到從小康階層冒起所衍生的學習進修及行業培訓需求。集團董事相信，配合國家的社會改革及結構演變，是在中國營商不可或缺的考慮因素。宏昌科技的發展策略之一，是因應社會發展，利用資訊科技，為學生及專業人士提供教育和培訓服務，從而開拓具有龐大潛力的新市場空間。

核心業務

雖然資訊科技市場整體的前景依然不明朗，但集團相信在中國的個別行業，資訊科技應用及支援服務仍然有增長的空間。宏昌科技的各個業務分支，包括冠亞、Sequent China及先進數碼，均已將業務重新定位，擴大服務含量所佔比重，從而為集團提供穩定而持續的現金收入來源。

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TopAsia, the Group's peripherals systems-integration business, continues to broaden its core business to encompass the provision of maintenance services-oriented solutions, in addition to its traditional business as one of the leading automatic teller machines (ATM) systems integrators in China. With established IT expertise and connections with the financial institutions in China, TopAsia is geared to becoming a comprehensive solutions provider for the financial services sector.

Sequent China, the Group's mainframe systems-integration business, continues to explore niche products to increase the computing power of banking and finance customers in China, in addition to the provision of technical support and maintenance services. This operation is working more closely with TopAsia to provide more comprehensive solutions for clients.

ADT, the Group's banking and finance systems-integration arm, has expanded the breadth and depth of its banking enabling capabilities, making further advances into software development and developing one-stop maintenance services. The Group is now actively reviewing its investment strategy in the 55%-owned ADT.

DMX TECHNOLOGIES

In October 2002, the Group announced the disposal of its entire 61% interests in DMX for HK\$50 million, incurring a non-recurring loss of approximately HK\$119 million that posted a significant negative impact on the Group's results for the year. The disposal decision was made to facilitate the listing of DMX on Singapore Exchange, as the Group was unable to secure a waiver from The Stock Exchange of Hong Kong Limited (Stock Exchange) for the remaining units of the Group from the minimum profit requirement as set out in Rule 8.05 of the Listing Rules pursuant to paragraph 3(c) of Practice Note 15 of the Listing Rules.

Prior to its listing, DMX leveraged on the Group's resources to finance its operations and development. We considered that if DMX could not obtain the necessary funding from a listing, a

集團旗下的週邊系統集成業務分支冠亞為中國主要自動櫃員機系統集成商。冠亞在傳統的週邊硬件核心業務以外，繼續拓闊經營範疇至保養服務主導的解決方案。冠亞憑藉其科技專才及與國內金融機構的連繫，正逐步發展成全面的金融業專門資訊科技供應商。

集團旗下經營大型主機系統集成業務的Sequent China則繼續發掘更多專門產品，以協助中國銀行及金融業客戶提升系統處理能力，並為他們提供配套的技術支援及保養服務。此部門積極加強與冠亞的合作，為客戶提供更全面的解決方案。

銀行及金融系統集成業務分支先進數碼亦已進一步拓闊系統方案的範疇和深度，包括加強軟件開發及發展一站式保養服務。集團持有先進數碼55%權益，現正積極重新評估對此項投資之策略。

宏天科技

集團於二零零二年十月公佈以5,000萬港元代價，悉數出售所持有之61%宏天科技權益，因而錄得約119,000,000港元非經常性虧損，嚴重影響集團本年之業績表現。集團決定出售宏天科技，乃由於該公司計劃在新加坡交易所上市，但將宏天科技從集團分拆後，集團之餘下業務未能符合香港上市條例第8.05條中第15節內3(c)段所載之最低盈利要求，集團亦未能成功向香港聯合交易所有限公司（聯交所）取得有關之豁免權，故唯有將宏天科技出售。

宏天科技在上市前主要依靠集團提供的資源，以資其營運及發展。集團管理層認為，如宏天科技未能透過上市籌集所需資金，

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significant management and financial burden would arise on the part of the Group to support the operation of DMX which nevertheless would in turn affect other businesses of the Group. We therefore considered that there would be serious damaging effects to the operation of DMX which in turn would affect the operations and operating results of the Group if DMX fails to obtain a separate listing status. This would also result in a significant diminution in the value of the Group's investment in DMX.

Reasons behind the disposal of DMX had led the Group to reevaluate the merits of its development strategy by acquisition under prevailing circumstances. The near-term focus would be to initiate internal growth impetus through leveraging existing expertise and resources to capture niche markets. Simultaneously, all business units of TVH would further enhance the service content of their respective operations to increase profitability.

NEW GROWTH AREA: EDUCATION AND TRAINING

ChinaCast, in which the Group holds a 19.9% interest as a long-term strategic investment, continues to be the leading provider of satellite-based distance learning services in China. In December 2002, ChinaCast and TVH launched China's first integrated education resources portal, teacher.com.cn for teachers and principals of the K-12 (kindergarten to grade 12) education market, under a profit sharing arrangement with Chinese partners. It is estimated that the portal's earnings would exceed HK\$90 million in two years.

ChinaCast has also achieved significant progress in the provision of tertiary education services and professional training to practitioners in need of recognized qualification. In 2000, ChinaCast launched a broadband interactive education platform for the rollout of general education programs and since then, it has become China's largest online tertiary program provider in partner with 14 universities, including Peking University, Sha'anxi Normal University, Southwestern Normal University and Beijing

集團須繼續支持該公司的營運，則將會為集團在財政及管理上帶來沉重負擔，更無可避免地影響集團其餘業務的運作，故管理層認為如宏天科技未能取得獨立的上市地位，則會對該公司的營運，以至整個集團的營運及經營業績構成嚴重負面影響。此舉亦會大為削弱宏天科技的投資價值。

集團有鑑於出售宏天科技背後的因由，已重新評估原有通過收購以壯大規模的發展策略。集團在短期內將集中透過本身的專才優勢及資源開拓專門市場，以增強內部增長能力。同時，宏昌科技的各個業務分支亦將加強本身業務的服務含量比重，以改善盈利能力。

新增長領域：教育及培訓

集團持有19.9%權益作長期策略投資之ChinaCast在國內以衛星提供遙距學習服務，並為全國主要供應商。ChinaCast與宏昌科技於二零零二年十二月推出全中國首個教育資源綜合入門網站「全國中小學教師繼續教育網」(teacher.com.cn)，該網站平台針對幼稚園以至中小學的教師與校長的培訓教育市場，公司並與國內的合作夥伴訂立了利潤分享協議。預期該平台在未來兩年之收益超過9,000萬港元。

ChinaCast同時亦提供專上教育服務，並協助專業人士取得認可專業資格，為他們提供職業培訓，此等業務亦取得顯著成績。公司於二零零零年推出寬頻互動教育平台，提供基礎教育課程，至今已與北京大學、陝西師範大學、西南師範大學及北京航空航

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University of Aeronautics. For vocational training, ChinaCast has entered into a collaborative agreement with the Ministry of Labour and Social Security to develop training and retraining programs for government and private institutions in the country. Co-operation arrangements have subsequently been made to operate online training centers for the Judiciary, People's Daily, China Coal Industry Safety Bureau and other institutions.

ChinaCast's successful headway into China's education and training sector has inspired TVH to tap further into this vast reserve of tremendous market potential and demands. As China puts increasing emphasis on revitalizing the country through education and technology, online distance learning emerges as the most efficient and cost effective conduit to compensate for the inadequate education infrastructure to satisfy the huge demand of an enormous population in need of education and continued training. Total government spending on education in China is expected to more than double to US\$90 billion by 2005 from the 1999 level.

At present, there are some 1,200 higher education institutions in China that can only accommodate 11% of the estimated 100 million qualified students. The government plans to raise the level to 20% by 2010. The Ministry of Education has initially approved 67 universities to initiate e-learning courses and some 240,000 students have been registered for online courses. It is expected that in five years' time, the number of distance learning students will exceed that of on-campus students.

Apart from education, professional training is also a market of huge potential. An independent study estimates the market size of Internet-based corporate distance learning (IDL) services will grow to US\$600 million by 2004, from US\$400 million in 2001. The provision of platform services will account for a third of the revenue with the remainder taken up by content delivery.

We believe that the provision of online education and training services in China that is in need of grooming a large generation of professionals to fulfill its development and growth goals would

天大學等14家大學結盟。在職業培訓方面，ChinaCast與勞動和社會保障部簽訂了合作協議，為政府部門及私人機構提供進修及再培訓課程。公司更與司法部、人民日報社、中國煤炭工業協會及其他機構合作設立網上培訓中心。

宏昌科技汲取了ChinaCast打入中國教育培訓行業的成功經驗，將進一步開拓此需求潛力龐大的市場。「科教興國」乃中國國策之一，要補足國家在教育基礎建設上的不均衡，滿足龐大人口的教育及再培訓需要，網上遙距教學是最有效和最具成本效益的方式。預期及至二零零五年，中國政府在教育上的總開支將達900億美元，較一九九九年之水平倍增。

目前中國約有1,200家大專院校，全國一億名合資格學生中僅有11%可升讀大專。中國政府計劃至二零一零年將此比率提高至20%。國家教育部已初步批准67間大學開辦電子學習課程，報讀網上課程的學生人數達240,000名。預期五年內遙距學習的學生人數會超過在校學生人數。

除了基礎教育，職業培訓亦是一個龐大的市場。一項獨立研究指出，以互聯網為學習渠道的企業遙距學習服務市場的規模，將會由二零零一年的4億美元增至二零零四年的6億美元。收益中約三分一來自平台服務，其餘則來自內容傳輸。

中國新一代的行業專才需要不斷自我增值，方可滿足在事業上的發展及個人發展的需求，管理層相信發展網上教育及培訓

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be a significant growth driver. Importantly, the Group already enjoys strong competitive edges in developing this market as TVH encompasses substantial IT expertise and resources as the technological backbone, and established relationships with government and educational authorities in China. These are significant entry barriers for warding off competition.

As education and training programs are of durations spanning from a few months to several years, we believe that such recurrent income generating capacity on profit-sharing basis will bring to the Group a steady income stream. Also, the programs can be rolled over to other cities and provinces through franchising, thus broadening the income base. We aim to grow this new business sector into a sizeable revenue source contributing approximately 30% to the Group's total in two years' time, with the banking sector remaining the largest contributor of approximately 70% of revenues.

Looking forward, TVH remains committed to bringing to customers in Asia advanced technologies and niche products and services to meet customer needs. And from 2003, this niche product and service will be closely related to China's education and training market for different population segments.

Finally, I would like to welcome Mr Emmy Wu as deputy chairman of the Group and also take this opportunity to extend my sincerest thanks to all our staff, our technology and business partners and our shareholders for their unwavering support in the year under review.



Chan Tze-ngon, Ron
Chairman

服務，可為集團的業務帶來強勁的增長動力。最重要是，宏昌科技擁有資歷深厚的科技專才和充足的技術資源作為後盾，在國內與政府及教育機構建立了鞏固的合作關係，故在此新興市場具獨特的競爭優勢。此等有利條件為集團建立了堅固屏障，抵禦後來的競爭者。

由於教育與培訓課程一般歷時數月至數年不等，管理層相信其盈利分享機制可為集團帶來持續的穩定收益。此外，有關課程亦可透過特許專營方式擴展至其他省市，以擴大收入基礎。集團目標在兩年內將此業務領域的規模擴大至集團總收入三成，金融科技業務則仍會是集團最主要的收入來源，佔業務比例七成。

展望未來，宏昌科技將繼續致力為亞洲的客戶引進先端科技、專門的產品及服務，以滿足區內獨特的需要。由二零零三年開始，集團會發掘更多與教育及培訓相關的專門產品及服務。

最後，本人謹此歡迎吳安敏先生加入集團任副主席，並藉此機會感謝集團的全體員工、技術及業務夥伴，以及股東在過去一年的鼎力支持。

主席
陳子昂