

Dear Shareholders,

I am glad to report that the Group has managed to improve its revenue substantially and returned to a profitable position in the year under review. The revenue model of the Group has also been gradually migrated from project base to recurring nature which remarks the initial success of its business transformation towards a software and business process outsourcing oriented services provider.

For the year ended 31 December 2003, the consolidated revenue of the Group increased to HK\$362.1 million (2002: HK\$230.4 million), representing an increase of 57.2%. The net profit attributable to shareholders is HK\$6.1 million (2002: net loss of HK\$39.6 million) and earnings per share is 2.2 Hong Kong cent (2002: loss per share 14.5 Hong Kong cents). The Board does not recommend the payment of any final dividend (2002: Nil).

While the general business environment of the IT industry has been very difficult in year 2003, most of the business units of the Group reported growth in revenue and improvement in net profit.

In addition, the Group received strong repeated orders from enterprise customers in finance and manufacturing sectors in China and secured certain significant multi-year IT outsourcing contracts from the Hong Kong SAR Government ("SAR Government"). Although these government projects caused large amount of cash outflow in year 2003, their completions are expected to generate significant cash inflow to the Group in year 2004.

During the reporting period, the Group had been awarded a five-year contract from the SAR Government to provide the front-end Government Electronic Trading Services ("GETS") for the trading community to submit import and export trade declarations and dutiable commodities permits. The service was successfully launched ahead of the original schedule on 1 January 2004. While the investments on building up the platforms and promoting the service will adversely affect the immediate financial performance of the business unit, the GETS operations will enable the Group to receive stable and recurring incomes from its transactions and the related value-added services in long run.

On the other hand, the Group's software product portfolio, built through in-house research and development and acquisition, is beginning to generate recurring revenue on software license fee and maintenance services.

The Distribution Business Division of the Group, operating through Maxfair Technology Holdings Limited ("Maxfair"), has started to enjoy the return from its regional expansion in Taiwan. The subsidiary in Taiwan contributed considerable revenue that helped the Division to catch up the short fall due to the impacts caused by the SARS outbreak during the reporting period.

PROSPECT

Although the economy in the region has been gradually recovering, however a substantial rebound on the demand on IT services is expected to come in a later stage. The Group has been benefiting from the sustainable momentums of its business transformation and is well positioned to capture the emerging demands on the IT industry when they become substantiated.

While the business outlook for all the business units are positive, for the coming year, the Group will put in significant efforts in the following areas in order to fully reveal the potentials of the transformed business model.

Firstly, the Group will deliver the construction part of those multi-year outsourcing contracts according to plans and activate the stages of maintenance and outsourcing services. Consequently, the Group's stable, multi-year recurring income stream in the coming 8 to 10 years can be secured.

To sustain our market position, the Group has to continuously bring down its delivery costs while uplifting its service qualities. The Group has been operating remote application development centers in China. The Group's challenge is to continuously improve the economy scale of these centers while strengthening their quality control process and methodologies. The success in building up a high quality and price competitive development team will allow the Group to capture the increasing demands for high-quality software development and outsourcing services in China.

Furthermore, the Group has to expedite additional efforts to build up a critical mass for its electronic service platforms including ETS and the recently launched GETS operation in the near term. Besides, the Group will also explore actively the opportunities to introduce additional value-added services related to the logistics and supply chain management and to capture additional revenue in business process outsourcing services in the region.

Last but not the least, there are also opportunities for the Group to expand its business through merger and acquisition. We believe that the strong market position and solid management depth will allow the Group to benefit from the industry consolidation in the IT service sector. Nevertheless, the Group will remain focus on its core businesses but maintain open-minded for rightful opportunities with synergy to the Group.

APPRECIATION

On behalf of the Board and the Management, I would like to express my gratitude to all the staff of the Group for their contributions and dedications throughout the year, particularly during the few months when SARS was rampant. I would also like to thank our shareholders, suppliers and business partners for their supports, cooperation and encouragements during such unusually difficult period.

I am confident that our collective endeavour will result in encouraging returns for each of the stakeholders of the Group in long term.

Ng Cheung Shing

Chairman

Hong Kong
19 April 2004