



## Chairman's Statement

Dear Shareholders,

I am glad to report that, for the reporting period, the Group's consolidated revenue increased by 11.5% to HK\$237.4 million (2005: HK\$212.9 million) and the net profit attributable to shareholders was HK\$12.4 million (2005: HK\$8.0 million), representing a rise of 54.9% over the previous year. Improved profits were attributed by sales growth in both the established integration service business and the diversified sources of recurring income of the Group from the IT outsourcing and Application Services business.

During the period from November 14 to December 29 of 2006, the Group repurchased 3.89 million shares on an average price of HK\$0.745 per share. The earnings per share for the year, with the effect of the share repurchase, was amounted to 4.61 Hong Kong cents (2005: 2.92 Hong Kong cents).

During the review period, the Group's overall gross profit margin was maintained at a healthy level. As of the reporting day, the Group's order book is kept at a balance of approximately HK\$281.8 million and 83.1% of them are service-oriented contracts.

The Group generated HK\$20.9 million cash inflow from its operations in 2006 and maintained a strong financial position. In view of the Group's strong cashflow, the Board recommended to distribute a final dividend of 3 Hong Kong cents per share (2005: 1 Hong Kong cent), reflecting the Group's confidence in its long-term prospects.

### PROSPECT

The improved financial performance reveals the merit of the transformed business model, which generates revenue from diversified sources of income that have strong recurring natures. The subsequent challenges of the Group are to build the critical mass of its businesses and to improve its operational efficiency in order to maximize its profitability.

To improve the operational efficiency, the Group has been integrating the management and technical resources among its subsidiaries that provide outsourcing services and application development services. In addition, the acquisition of Y&A Professional Services Limited ("Y&A") in November 2006 was another step forward for the Group to further expand its scale in such service offerings.

The Group is also actively exploring opportunities to further expand its enterprise application software portfolio on top of its human resources management (HRM) system. An expanded software portfolio will enable the Group to generate additional recurring maintenance income and to create more opportunities for cross-selling other products and services of the Group.

The economic growth of China has been phenomenal in recent years. The Group will invest more resources to accelerate its business in China through organic growth on top of its solid customer base as well as exploration in business partnerships and acquisitions.



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On the other hand, the increase in salary and the shortage of staff in Hong Kong remain to be a concern. The Group will continue to expand its development and support resources in China from which the Group will be able to hire and retain technical resources at a competitive cost structure.

In view of the established strong recurring income streams and the above initiatives being implemented, the outlook of the Group remains prudently optimistic.

### APPRECIATION

On behalf of the Board and the Management, I would like to take this opportunity to express our appreciation to all staff, shareholders and business partners for their supports to the Group during the reporting period.

**Ng Cheung Shing**

Chairman

Hong Kong, 20 April 2007