

# C HAIRMAN'S STATEMENT

To better identify business scope, properly allocate management resources, and distinguish different management strategies and business directions, the Company launched the restructuring plan with its holding company, Sino-i Technology Limited ("Sino-i", HKSE: 0250) in 2004. Shareholders have voted to support this plan at the shareholders' meeting held on 16 April 2004. Sino-i has submitted petition for capital reduction and distribution to the High Court, which is one of the crucial steps in the restructuring plan. The Company expects the whole restructuring plan will be completed upon the Court's approval of the arrangement in mid-2005.

The Company will become the holding company while Sino-i will be a subsidiary upon the completion of the restructuring plan. After the restructuring, the Company will continuously focus on property investment and development business, and through its subsidiary, Sino-i, participates in IT business development and cultural media. The restructuring plan will optimize the Group's business operations by consolidating the structure, facilitate the Group to move toward a more balanced and mature stage, and establish a strong foundation for comprehensive developments in 2005.



In 2004, the Company's Shenzhen property project has received the government's approvals as planned, and the property project was named as "The Peninsula" which has begun construction and entered into marketing promotion phase. Based on the current market price and the trend of supply and demand, the investment return of the property project is very optimistic. The pre-sale of the Phase I of The Peninsula is expected to be commenced in September 2005, and this project is expected to generate strong cash inflow in the coming few years.

Meanwhile, the new Guangzhou Baiyun International Airport has brought about many new vibrant opportunities, the development plan of our Guangzhou Huadu project, a super sized international contemporary commercial and residential community integrating cultural recreations and commercial amenities, is being reviewed in detail. All approval procedures are progressing as planned, with overall construction and first phase opening to be expected soon. The new Guangzhou Baiyun International Airport is one of the key roles in the Guangzhou government's preferential policy in modern logistical development. Therefore, the new airport's launch and operation will have

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positive effect on this project. Surrounding the airport are the Guangzhou Airport Terminal (international hub) logistics park and related light industry, commercial trade and tourist attractions. This project is not only located at a natural scenery landscape but also is benefited from Guangzhou City logistics industry development's economic culture and transportation convenience. The project's estimated presale price has been rising recently, hoping that the formal sales price on the opening day will exceed RMB4,500 per sq.m. The Company predicts the development of the Guangzhou Huadu project with approximately 1.08 million sq.m. floor area will continue to generate substantial profit in the coming years.



In 2005, the Company will continue to focus on the property development business in China. In the predictable future, demand for middle to high class property will continue to rise, particularly the stable growth of the real estate markets in Shenzhen and Guangzhou, without having an overheating phenomenon similar to Shanghai. Therefore, we certainly expect that the Company's property development business will have an optimistic prospect in the coming years. As from 2005, investments in the past years will enter a steady and balanced profit period.



Upon completion of the above stated restructuring plan, the Company will continue to reap the profit from Sino-i's enterprise IT service, financial information service, distance learning education and application software service, as well as cultural media. The rapid growth of Internet, information technology and cultural media in China will bring about a remarkable efficacy, and propel the Company's future development. The restructure is a significant and decisive step forward in the Company's consolidated development.

I would like to thank all shareholders for your confidence in our management, and sincerely look forward to your continuous support in the future.

**Yu Pun Hoi**  
*Chairman*

Hong Kong, 25 April 2005