

CHAIRMAN'S STATEMENT

On behalf of the board of directors, I am pleased to present the shareholders the annual results of Sandmartin International Holdings Limited (hereinafter the "Company") and its subsidiaries (hereinafter collectively refer to as the "Group") for the year ended June 30, 2005 for their consideration. The shares of the Company were successfully listed and commenced trading on the Main Board of The Stock Exchange of Hong Kong Limited on May 12, 2005. I would like to take this opportunity to express my gratitude to those who have contributed to the listing of the Company.

I am also pleased to report to the shareholders that the Group's overall business has attained a satisfactory result during the year ended June 30, 2005. For the year ended June 30, 2005, the Group recorded a turnover and profit attributable to shareholders of approximately HK\$1,308,122,000 and approximately HK\$99,765,000 respectively, representing an increase of 3.4% and 3.4% respectively as compared to the corresponding period last year. The board of directors of the Company recommended a final dividend of HK6.9 cent per share.

Business Review and Outlook

The Group is principally engaged in the design, manufacture, and trading of digital television reception products and network communication related products. During the past year, the Group faced fierce competition within the industry and also problem such as sustained increase in the cost of raw materials. Leveraging on the solid experience of the management team and the advantage resulted from vertical integration, the Group became more cost-effective, and was able to maintain competitiveness and enrich its product portfolio. As a result of the expansion of new plants, the Group has increased its productivity. The Group will continue to invest vast of resources into research and development in order to cope with the fast-developing and ever-changing market demand.

As the digital products become more popular, digital television reception products will continue to have strong demand and is expected to increase dramatically. Based on its rich experience in the industry and competitiveness, the Group is optimistic about the prospects.

Facing a market environment where there are both opportunities and challenges, the Group will fully utilize all of its competitive advantages to seize every business opportunity arising in the future. In order to increase its share in global market, we will actively explore the marketplace and build its brand name, through providing high quality products and services to consolidate the Group's position in the industry.

On behalf of the board of directors, I would like to express appreciation once again to the shareholders and various parties for their support to the Company, as well as the management team and the staff of the Group for their working hard.

Thank You!

Chairman

Hung Tsung Chin

Hong Kong, October 19, 2005