



CHAIRMAN'S STATEMENT



In 2006, the Company's businesses achieved encouraging advancement under effective development strategies. Subsequent to the completion of restructuring of the Company and Sino-i Technology Limited ("Sino-i") (the then subsidiary of the Company), a multi-tier core business network in China was established, having a more flexible and sound business structure, realizing a larger scale of asset expansion, and further enhancing shareholders' interests. On the other hand, due to the change of business strategic plans and for prudent

financial management and truly reflecting the growth of business performance, a one-off write-off of accumulated goodwill generated from the provision of financial information services was taken place. Upon this historical issue was resolved, leading the Company to having less burden which in turn provides a solid foundation for future rapid development.

In the property development sector, the Company has achieved significant growth and entered to a period of harvest. Through Sino-i, the Company continues to advance on the steady and rapid growth in the corporate IT application services sector. Both CE Dongli Technology Group Company Limited ("CE Dongli") and 北京新網數碼信息技術有限公司 (Beijing Xinnet Cyber Information Company Limited) ("Xinnet"), the major subsidiaries of Sino-i, have achieved remarkable performance. With advantages in technology development, the Company is confident of its future ventures in culture and media business. By having high efficacy operation management, in-depth market experience, and enhanced technological teams with strong research and development capabilities, the Company's profitability and corporate image are increased continuously.



In 2007, the Company will continue to focus on its long-term strategy in the IT sector, increase investment in the expansion of sales service network as well as research and development. In the property development sector, the Company will continue to utilize its current resources to maximize its profitability. In the culture and media sector, the Company will build on a steady development base and seek to become the leading force in the new media business in the Chinese culture and media industry.

1. PROPERTY INVESTMENT AND DEVELOPMENT



Industry Overview

As the economy in China is experiencing rapid growth, the consumer market based on accumulated wealth is having strong demand for real estate, and the extent of the public attention to the real estate market is also increasing. Due to imbalance in the market's supply and demand, and the lack of guidance by the national housing policy, the real estate prices have surged up vigorously which has triggered government interventions. Such interventions have brought about market uncertainty, which leads the property developers to facing certain risks.

As the Chinese government intensifies macroeconomic regulations, the time to establish a new order for the property industry has arrived. Under the circumstances of starting the change of property development strategy in China from property policy back to public policy, the property sector in 2007 can be interpreted as on the brink of reform. Therefore, 2007 will be a year of implementation of policy guidance, and the whole property industry will develop in a rational direction.

Even though the Chinese government's regulatory efforts to curb housing prices through economically affordable housing expansion will impact the market to a certain extent, the demand for mid-to-high-end residential properties will maintain a steady upward trend, driven particularly by strong demand in medium and large cities. The Company's strategy is to develop high return products in China's property market, targeting at the new middle class in the cities by offering them high quality residences with high price/performance ratio.



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Project Overview

In the past year, the Company used professional marketing strategies, comprehensively developed a property flagship project – The Peninsula which is located in Shekou, Shenzhen. The first phase was launched for sale in February 2006. All 1,012 units having total saleable area of approximately 140,000 m² were sold out in five days. With an average selling price of approximately RMB11,500 per m² having the total sale proceeds of RMB1,500,000,000. On 20 December 2006, units of the first phase were delivered as scheduled, and the occupation rate was above 96%. The property's performance in the second-hand market has reinforced the Company's confidence in the launch of the second phase. With the upcoming 10th anniversary celebration of the return of sovereignty of Hong Kong, and the soon opening of the Shenzhen-Hong Kong Western Corridor linking Shekou and the New Territories, The Peninsula project is expected to be greatly and continuously supported by the market.



The second phase of The Peninsula will provide residential units having the total saleable area of approximately 199,500 m², which is expected to be launched to the market in early 2008. While the second phase was applying for construction permit, it coincided with the State's housing 70/90 regulatory policy. Confronted with new challenges, the Company was able to complete planning and design adjustments in time to fulfill new requirements and standards, therefore, the construction works could start on the revised schedule.



The Peninsula consists of five phases in total, with total gross floor area of approximately 1 million m², which is currently the most popular property development project in Shenzhen. It will provide 7,000 residential units in total, and will become the new landmark of Shekou. Being one of the three largest commercial residential development projects, The Peninsula not only achieves new breakthrough in Shenzhen property sales but also sets a new benchmark for future property developments. As per the recent valuation report issued by an international renowned property valuer, the total value of The Peninsula is RMB9,044,000,000 which provides a strong indication that the potentiality of The Peninsula is tremendously high. The Company's management experience, professional skills, market development and etc. have all been proven in the property industry. The

property brand of "Nan Hai" has been advanced further, and the property development ability of the Company has also been well recognized by the market. Product image has firmly established the Company's brand name foundation in Shenzhen property market. The Company will continuously endeavour to expand and strengthen its brand influence in the forthcoming phases of The Peninsula.

In addition, the Company has another property development project having total gross floor area of 1.1 million m², which is located in the vicinity of Guangzhou New Baiyun Airport in Huadu District, and will be developed to a mega-size international modern residential community. The first phase construction works will start in the third quarter of 2007. All plans are undergoing application procedures. The project is located in the economic zone of Guangdong Province's key construction project "Huanan Logistic Base" which is the centre of Guangdong's new economic growth. The project has been incorporated into the Guangzhou municipal development planning, which will become a landmark complex in new downtown Guangzhou. As per the recent valuation report issued by an international renowned property valuer, the total value of the project is RMB2,054,000,000 which also provides a strong indication that the potentiality of this project is very high. The project will follow on the success and market experience of The Peninsula in Shenzhen, to provide quality living and meticulous planning to the residents in Guangzhou. The project is expected to provide positive social benefits and substantial return on investment for the Company.





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Outlook

Given the rapid growth of the property market in China, the Company's outlook is boundless. The Company sets an objective of achieving the completion of construction and launching for sale of one phase each year from 2008, for both The Peninsula and the Guangzhou project. As a result, the Company's sales revenue is expected to increase significantly in 2008. The Company's management is focusing on expanding the number of development projects for maintaining steady and strong revenue in the property development sector. The Company will continue to develop in the high potential property market in China, increase its market share, and achieve its strategic development objective of establishing a national property brand name.



2. SHAREHOLDING BUSINESS OVERVIEW

Corporate IT Application Services

In 2006, the Company has maintained steady and rapid growth in the IT sector through an IT group formed by CE Dongli and Xinnet which are subsidiaries of Sino-i. The Company keeps on rapid growth in business in the IT application services market. It is not only having a strengthened client base in the application service market but also dominating majority market share in China. Having substantial headway in the e-commerce sector, which has further solidified Sino-i's leadership position in the IT application services sector.

CE Dongli is one of the top five IT outsourcing corporations in China, competing with multinational corporations such as IBM, HP, CSC and EDS. IT industry is expected to grow rapidly in China, CE Dongli believes that it is well poised to grasp the market opportunity, and continuing to achieve remarkable success in the years to come. According to IDC report, CE Dongli was ranked the 6th largest IT corporation in China in the second half of 2006 (it was at 10th place in 2005). For a corporation focusing on small and medium enterprise application services to receive this distinguished ranking, it proves that Sino-i's "IT application services business model" in China has been recognized by the market.

Financial Information Services

In the past year, 北京世華國際金融信息有限公司 (Beijing Shihua International Financial Information Company Limited) ("Shihua"), a Sino-i's subsidiary, dominated market share in financial information service market in China.



As the financial regulators in China continue to conduct further financial reforms, a standardized market has strengthened the Company's efforts to enter the market. The Company believes the market environment will be significantly improved, and is confident that its financial information business will in turn achieve better performance. The Company will observe market development closely to explore more business opportunities.



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In 2006, Shihua launched the "I-cube" dual-monitor information terminal service, and was the first corporation authorized by China Foreign Exchange Trading System & National Inter-bank Funding Center (CFETS) for providing Chinese inter-bank market data. In 2007, Shihua will provide a comprehensive financial information platform by using of Internet technology, so as to enter to the equities market effectively; develop multi-media contents based on the current resources; and provide online securities trading services. Demands from those fund management corporations and for indices and futures information, our new information business model will be recognized by the market, and such model might eventually transform the traditional information service models.



Shihua will continue to establish alliances with well-known international financial information service providers and research institutions for enhancing financial information service capabilities and becoming a driving force in the development of financial information market in China.

Culture and Media

In 2007, the Company has through Sino-i established 廣東大地電影院綫有限公司 (Dadi Digital Cinema Circuit Company Limited) ("Dadi Cinema Circuit"), and set up the standards for digital cinema chain operation and management model in China. The project was firstly launched in those secondary and tertiary cities in Guangdong province, with



state-of-the art facilities, low price cinema chain development, and a unified operation model. It has been well received by local residents with great success. Based on Sino-i's intensive IT experience, Dadi Cinema Circuit has successfully drawn on leading IT multi-media operation technology, leading to reducing operation costs significantly; setting a precedent in application of digital technology in traditional cinema in China and inaugurating a new media in cinema operation. With professional management operation, the new cinemas may achieve positive cash flow in the near future. Being one of the Company's successful new businesses, Dadi Cinema Circuit has laid a strong foundation for the Company to develop in the new media sector.

Distance Learning Services

In 2006, Sino-i's subsidiary, 北京華夏大地遠程教育網絡服務有限公司 (Beijing Chinese Dadi Distance Education Company Limited) ("Chinese Dadi") established alliances with education departments in more than twenty provinces and key cities, and entered into collaboration agreements with such departments which supported Chinese Dadi to promote its products in their respective regions. Chinese Dadi is a provider of three-dimensional online courses for the National Higher Education Self-Learning Examination Committee. Chinese Dadi's e-learning cards are also included in all of the learning materials for the self-examination participants published by the National Higher Education Self-Learning Examination Committee. In the past year, Chinese Dadi established a comprehensive learning support service system for providing higher quality services to the students. Furthermore, Chinese Dadi will fully use its resources and advantages to develop a new business for catering the increasing demand for languages learning and management by the Internet users, and to become the first place for continuing education in China.

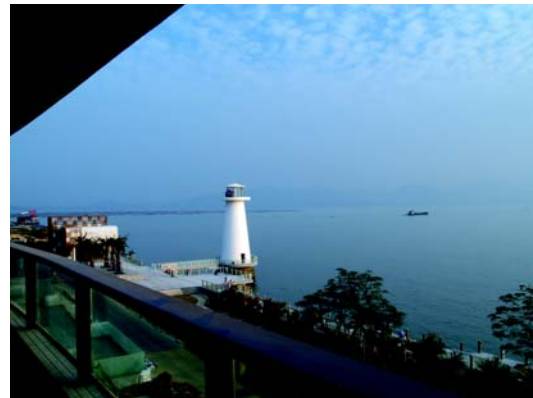




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3. MANAGEMENT EXPANSION STRATEGY

The Company has established a stable management foundation and a platform for growth, along with adequate financial support for business development. No matter the businesses of property development, IT or culture and media, the Company will continue to invest in staff training, business process optimization, and technology innovation etc.; to raise the capabilities and standards; and to enhance operational performance. The Company places emphasis on continuing advancement in corporate governance. By means of contemporary objective, budgetary and performance management, the overall corporation's management system will be strengthened which in turn facilitates the Company's overall growth and development.



In order to achieve structural development, mergers and acquisitions are the key strategies for expansion, which have been used by the Company. In the past years, acquisitions of CE Dongli and Xinnet etc. by Sino-i have achieved immense success.



In the future, the Company will continue to invest resources, both vertically and horizontally, in the property development sector, for the purposes of enhancing its national market presence and establishing a nationally renowned property brand name. In the sectors of corporate IT application services, financial information services, culture and media, and distance learning services, the Company will comprehensively integrate industry resources, rapidly expand market share, and enhance technological capabilities to strengthen up its abilities for solidifying its market leadership position.

CONCLUSION

Stable economic development in China will lead to rapid expansion and growth in the property investment, corporate IT application services, financial information services, culture and media, and distance learning sectors, which has brought about new opportunities and challenges to the Company. The Company is optimistic that China economy will continue to grow vigorously, and confident that it will benefit during the course. In the future, the Company will seek new opportunities for further development, establish operational advantages, and enhance profitability. The Company will focus on strengthening corporate governance, continuing to increase the level of operational efficacy and return on investment, becoming a leading industry group, and maximizing shareholders' value.



I would like to extend my thanks to all the shareholders, members of the board of directors, management and all the employees for their support, confidence and contribution. I deeply believe that through our diligence and dedicated pursuits, the Company's businesses will achieve greater development with continued growth in performance.

Yu Pun Hoi
Chairman

Hong Kong, 19 April 2007