

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board") of CITIC 21CN COMPANY LIMITED (the "Company"), I am pleased to present the financial results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st March 2004.

2003/2004 was a break-through year in the history of the Company. The name of the Company was changed from 21CN CyberNet Corporation Limited to CITIC 21CN COMPANY LIMITED to reflect CITIC Group's status as the largest beneficial shareholder of the Company, and CITIC Group has actively participated in the management and development of the Group by appointing leading PRC telecom management to the Board. In addition, the Group qualified among the first batch of companies to obtain the service provider certificate under the Closer Economic Partnership Arrangement ("CEPA") between Hong Kong and the PRC, and the first to secure Ministry of Information Industry approval to invest in the telecommunications value-added services ("Telecom VAS") sector in the PRC under CEPA.

Given the exponential increase in demand for both wireless and fixed line data, we believe that there are tremendous business opportunities in the Telecom VAS industry in the PRC, including leisure, business and governmental usage applications. CITIC Group has committed its support through the appointment of leading experts in the PRC telecommunication industry to our management team in order for the Company to achieve further success in the Telecom VAS sector in the PRC. Coupled with the existing management team in Hong Kong and network coverage of CITIC Group in the PRC, we expect to continue to expand in this fast-growing sector.

On behalf of the Board of Directors, I would like to take this opportunity to express my sincere gratitude to all our shareholders for their continuous support, my fellow Directors for their valued services and our devoted colleagues for their support and encouragement in the past year. With full commitment and dedicated effort from all of us, we are confident of the Group's continued success.

**Chen Xiao Ying**

*Chairman*

Hong Kong, 20th July 2004