

Chairman's Statement

▶ On behalf of the Board of Directors (the "Board") of Sunlink International Holdings Limited (the "Company"), I hereby announce the audited financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2004.

2004 was an exciting and challenging year for our Company. We achieved record sales of approximately HK\$520.4 million, up approximately 46.0% from the previous year and we has resumed to profitability with a profit of approximately HK\$5.8 million after we reported a loss of approximately HK\$11.7 million for the fiscal 2003 because of the impact of SARS in the first half of the fiscal 2003.

While we're proud of these two achievements, we're also proud of several others. During 2004, we awarded the internationally acclaimed ISO 9001:2000 accreditation. The significance of a globally recognized qualification is that it raises client confidence in our Company's products and services and takes us to the forefront amid various international competitors. Moreover, the business of development and provision of electronic turnkey device solution has recorded an increase in its sales by 114.3% as compared with that of the fiscal 2003. It was mainly attributable to provision of Sony Ericsson's M2M products and relevant technical supports to our customers during the fiscal 2004 and we were also awarded the "Excellent Partner 2004" by Sony Ericsson.

The development and provision of electronics turnkey device solutions is our competitive edge. By consolidating our product knowledge of Sony Ericsson's M2M products, GPS technology know-how, wireless design skill and experience in application software development to help open the door to became a system integrator in the "M2M" market. Therefore, our significant investments in the development of technology know-how in the past several years are indispensable in keeping our competitiveness in the fast moving market.

Looking forward to 2005, we are optimistic about the growth potential of our Company and the M2M market in the PRC. In view of the shortage of electricity and many infrastructure building for 2008 Beijing Olympic Games and 2010 Shanghai Expo, we believe that the demand of Power Load Management Network System and Fleet Management System will be very high in the foreseeable future. With substantial investments in the development of electronic turnkey device solutions for both systems in the past years, we believe that new products in relation to these two systems will be launched in 2005 and they will account for a bigger share of the Group's total turnover in the coming years.

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For the core business — distribution of semiconductors, its turnover and profit margin is lowering by the keen competition from new entrants. Although the profit margin of semiconductors is lower than that of development and provision of electronic turnkey devices solutions, it provides us much customer's product information. On the other hand, development and provision of electronic turnkey devices solutions can maintain its competitive advantage in the market of semiconductors. Therefore, such synergies should be maintained.

Finally, I would like to give thanks to all the constituencies that make us successful, including our loyal customers, dedicated associates and valued suppliers. I would also give thanks to our shareholders, who invest into our Company and support its growth.

Wong Shu Wing

Chairman

Hong Kong, 25 April 2005