

# Chairman's Statement

## To Our Shareholders

After long term tracking and analysis of the financial services industry and the individual consumption market in the PRC, the Group decided to enter the PRC self-service financial services market in early 2005. In order to tap the rapidly developing market, the Group acquired all interest in Loten Technology Co., Ltd. ("Loten") in December this year. Loten is a leading enterprise providing ATM and related services in the self-service financial services market of the PRC. Its core businesses include the provision of automatic teller machines ("ATM") to China Unionpay and other commercial banks, and the provision of related maintenance and technical support. It also provides withdrawal, transfer, inquiry and other value-added services to the cardholders of different banks. Through such acquisition, the Group established itself as the lead player in the ATM market of China, and positioned the self-service financial services as the core business for the future.

The reform of financial industry in China progressed at a rapid pace and the number of joint-stock commercial banks, local commercial banks and agricultural credit cooperatives increased to over 130. In face of the opening up of the PRC financial industry to foreign-owned banks by the end of 2006, local commercial banks develop retail banking and credit card business on top of the original operations. In light of the general low capital adequacy ratio of state-owned commercial banks and the shortage of human resources, local commercial banks are proactively seeking ATM partners to outsource the ATM operations. With a higher per capita income and improvement in application of bank cards, the number of individual consumer using ATM soars, which further heightens the demand for ATM. At the end of 2005, there were nearly 1 billion bank cards issued in China, representing the second largest market in the world. However, the number of ATM barely reached 80,000 units, which translated into 60 ATMs per 1 million people, lagging far behind most developed countries. Therefore, the ATM services market in the PRC will develop rapidly in the coming years and bring tremendous opportunities for the service providers. We believe that this business will bring a long term satisfactory return to the shareholders.

In May 2005, the Group disposed of the less relevant manufacture and sale of computer related products business at a total consideration of RMB33.8 million, so as to cut cost and direct more resources to the self-service financial services market in the PRC that has huge potential.

## Appreciation

On behalf of the Board of Directors, I would like to take this opportunity to express our sincere appreciation to all our clients, bankers, investors and business partners for their continued confidence and support. I would also like to thank our management and staff for their continuing commitment and contribution to our business operations.

**Sze Wai, Marco**

*Chairman*

Hong Kong, 26 April 2006