

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2003.

Change of Company Name

Pursuant to the special resolution passed on 11 July 2003, the name of the Company was changed from “Sino-i.com Limited 中國數碼信息有限公司” to “Sino-i Technology Limited 中國數碼信息有限公司”.

Principal Activities

The principal activity of the Company is investment holding. The Group’s principal activities consisted of development and provision of Internet content and application services such as financial information, industry specific content and e-commerce online services in the People’s Republic of China (the “PRC”), property investment and development, provision of electronic manufacturing services, and the design, manufacturing and marketing of consumer electronic products.

Segmented Information

Particulars of the Group’s turnover and segment information are set out in notes 4 and 5 to the financial statements.

Results

The Group’s profit for the year ended 31 March 2003 and the state of affairs of the Company and the Group as at that date are set out in the accompanying financial statements on pages 22 to 100.

The directors do not recommend the declaration of the payment of a final dividend for the year ended 31 March 2003 (2002: Nil).

Comparative Financial Information

The consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the Group's published audited financial statements, are set out below:

RESULTS

	Year ended 31 March				
	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000
Net profit/(loss) attributable to shareholders	<u>13,845</u>	<u>(32,488)</u>	<u>15,677</u>	<u>47,987</u>	<u>(385,875)</u>

ASSETS AND LIABILITIES

	31 March				
	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000
Total assets	<u>5,920,928</u>	<u>5,427,815</u>	<u>3,355,509</u>	<u>2,264,826</u>	<u>2,074,917</u>
Total liabilities and minority interests	<u>(3,212,625)</u>	<u>(2,745,001)</u>	<u>(1,478,774)</u>	<u>(481,033)</u>	<u>(1,349,087)</u>
Net assets	<u>2,708,303</u>	<u>2,682,814</u>	<u>1,876,735</u>	<u>1,783,793</u>	<u>725,830</u>

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 13 to the financial statements.

Subsidiaries

Particulars of the Company's principal subsidiaries are set out in note 14 to the financial statements.

Associates and Jointly controlled Entities

Particulars of the Company's and the Group's associates and jointly controlled entities are set out in notes 15 and 16 to the financial statements, respectively.

Borrowings

Details of borrowings of the Company and the Group are set out in note 28 to the financial statements.

Share Capital and Share Premium

Details of movements in the share capital and share premium of the Company during the year, together with the reasons therefor, are set out in notes 32 and 33 to the financial statements, respectively.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 34 to the financial statements.

Distributable Reserves

At 31 March 2003, the Company had no reserves available for distribution to shareholders of the Company as computed under the provisions of Section 79B of the Companies Ordinance. However, the Company's share premium account with a balance of HK\$472,736,000 may be distributed in the form of fully paid bonus shares.

Major Customers and Suppliers

The Group's sales to the five largest customers and purchases from the five largest suppliers for the year ended 31 March 2003 accounted for less than 30% of the Group's total turnover and purchases, respectively, for the year.

Directors' Remuneration

Details of directors' emoluments are set out in note 37 to the financial statements.

Pension Costs

Details of pension costs in respect of the year are set out in note 43 to the financial statements.

Directors

The directors of the Company during the year and up to the date of this report were:

Mr. YU Pun Hoi (*Chairman*)

Mr. ZHANG Hong Ren

Mr. LI Shilin #

Mr. LUO Ning #

Mr. SUN Yalei #

Mr. LAM Bing Kwan # (*redesignated as non-executive director on 2 April 2002*)

Ms. WONG King King *

Mr. WONG Wai Ming * (*resigned on 5 August 2002*)

Mr. Francisco Paredes ACOSTA *

Non-executive directors

* *Independent non-executive directors*

In accordance with article 94 of the Company's articles of association, Mr. Zhang Hong Ren and Mr. Luo Ning retire and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Biographical Details of Directors

Executive Directors

Mr. Yu Pun Hoi, aged 45, is the Chairman and a substantial shareholder of the Company. Mr. Yu has extensive experience in Media and Internet technology business and in properties investment and development. He is also very experienced in cable television operation. He founded the first 24 hours global Chinese satellite television news network in 1994. Mr. Yu was a director of the Company from October 1991 to October 1994 and joined the Board again in January 1997. He is also the Chairman of South Sea Holding Company Limited, a listed subsidiary of the Company.

Mr. Zhang Hong Ren, aged 51, has been involved in the media and computer technology industries since 1991. He holds a Master degree in Economics. Mr. Zhang joined the Board in October 1999. He is also a director of South Sea Holding Company Limited, a listed subsidiary of the Company.

Non-executive Directors

Mr. Li Shilin, aged 53, is the Executive Director and Deputy General Manager of China International Trust and Investment Corporation, Chairman of CITIC Guoan Group Company Limited and Chairman of CITIC Guoan Information Industry Co., Ltd. Mr. Li is also a Director of Staverley Assets Limited, a substantial shareholder of the Company. He has been appointed as non-executive director of the Company since November 1998.

Mr. Luo Ning, aged 44, is the Assistant President of China International Trust and Investment Corporation, the Vice Chairman of CITIC Guoan Group Company Limited, Chairman and President of CITIC Network Co. Ltd. Mr. Luo is also a Director of Staverley Assets Limited, a substantial shareholder of the Company. He has been appointed as non-executive director of the Company since October 1999.

Mr. Sun Yalei, aged 35, is Vice-Chairman and General Manager of CITIC Guoan Group Company Limited and Vice Chairman of CITIC Guoan Information Industry Co., Ltd. Mr. Sun is also a director of Staverley Assets Limited, a substantial shareholder of the Company. He has been appointed as non-executive director of the Company since October 1999.

Mr. Lam Bing Kwan, aged 53, has been in senior management positions in the banking and financial industry for more than 10 years. He joined the Board in 1991 and has been re-designated as non-executive director since April 2002. Mr. Lam is also a non-executive director of South Sea Holding Company Limited, a listed subsidiary of the Company.

Independent Non-executive Directors

Ms. Wong King King, aged 34, is the General Manager of Hong Kong Jade Bird Science & Technology Limited of Peking University Jade Bird Group. Ms. Wong has been appointed as independent non-executive director of the Company since December 2001.

Mr. Francisco Paredes Acosta, aged 56, is a senior partner of Acosta Aguirre & Fernandez Law Firm in the Philippines, and has pursued his legal profession in the Philippines for over thirty years. Mr. Acosta has been appointed as an independent non-executive director of the Company since February 1995. Mr. Acosta is also an independent non-executive director of South Sea Holding Company Limited, a listed subsidiary of the Company.

Directors' Interests in Equity and Debt Securities

As at 31 March 2003, the interests of the directors and their associates in the share capital of the Company and its associated corporations as required to be recorded in the Register of Directors' Interests maintained pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Director	Number of shares held in the Company			Total interest
	Personal interest	Corporate interest	Family interest	
Yu Pun Hoi	–	6,658,325,316	50,000,000	6,708,325,316
Zhang Hong Ren	504,000	–	–	504,000

The directors' interests in share options of the Company are disclosed in the section "Directors' Rights to Acquire Shares or Debentures" below.

Apart from the foregoing, none of the directors or their associates had any interests in the equity and debt securities of the Company or its associated corporations as defined in the SDI ordinance.

Directors' Rights to Acquire Shares or Debentures

The share option scheme adopted at the extraordinary general meeting held on 29 October 1999 (the "Old Scheme") was terminated upon the adoption of the share option scheme at the extraordinary general meeting of the Company held on 29 August 2002 (the "New Scheme"). No further options would be granted under the Old Scheme. However, all options granted prior to such termination and not yet exercised shall continue to be valid and exercisable in accordance with the Old Scheme.

During the year, no share options have been granted or exercised under the Old Scheme and the New Scheme. Details of the outstanding share options granted under the Old Scheme during the year were as follows:

Grantee	Date of Grant	Exercise period	Exercise price per share	Number of Share options		
				At 1 April 2002	Lapsed during the year	At 31 March 2003
Directors						
Yu Pun Hoi	30-12-99	1-2-00 to 31-1-03	HK\$0.50	1,296,000	1,296,000	–
	30-12-99	1-2-01 to 31-1-03	HK\$0.50	1,296,000	1,296,000	–
	30-12-99	1-2-02 to 31-1-03	HK\$0.50	1,728,000	1,728,000	–
Zhang Hong Ren	30-12-99	1-2-01 to 31-1-03	HK\$0.50	504,000	504,000	–
	30-12-99	1-2-02 to 31-1-03	HK\$0.50	672,000	672,000	–
Lam Bing Kwan	30-12-99	1-2-01 to 31-1-03	HK\$0.50	612,000	612,000	–
	30-12-99	1-2-02 to 31-1-03	HK\$0.50	816,000	816,000	–
Employees						
In aggregate	30-12-99	1-2-00 to 31-1-03	HK\$0.50	3,228,000	3,228,000	–
	30-12-99	1-2-01 to 31-1-03	HK\$0.50	4,391,000	4,391,000	–
	30-12-99	1-2-02 to 31-1-03	HK\$0.50	5,867,000	5,867,000	–
	27-07-00	1-5-02 to 30-4-03	HK\$0.50	3,000,000	–	3,000,000
				<u>23,410,000</u>		<u>3,000,000</u>

Directors' Rights to Acquire Shares or Debentures (Continued)

A summary of the New Scheme is as follows:

(1) Purpose

The purpose of the New Scheme is to provide incentives or rewards to participants for their contribution or would-be contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which any member of the Group holds any equity interests (the "Invested Entity").

(2) Participants

The participants include:

- a. any employee (whether full time or part time employee, including any executive director but not any non-executive director) of the Company, any of its subsidiaries or any Invested Entity;
- b. any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity;
- c. any supplier of goods or services to any member of the Group or any Invested Entity;
- d. any customer of the Group or any Invested Entity;
- e. any person or entity that provides research, development or other technological support or other services to the Group or any Invested Entity;
- f. any shareholder or any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and
- g. any ex-employee who has contributed or may contribute to the development and growth of the Group and any Invested Entity.

(3) Maximum number of shares available for subscription

The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme any other share option scheme of the Company must not in aggregate exceed 30 per cent. of the issued share capital of the Company from time to time.

(4) Maximum entitlement of each participant

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the New Scheme and any other share option scheme of the Company (including exercised, cancelled and outstanding options) to each participant in any 12-month period shall not exceed 1 per cent. of the issued share capital of the Company in issue.

Directors' Rights to Acquire Shares or Debentures (Continued)

(5) Time of acceptance

An offer of grant of an option may be accepted by a participant within 28 days from the date of the offer of grant of the option. A consideration of HK\$1 is payable on acceptance of the offer of grant of an option.

(6) Maximum period for exercising an option

An option may be exercised in accordance with the terms of the New Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date on which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option.

(7) Basis of determining the subscription price

The subscription price for shares under the New Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of shares as stated in the Stock Exchange's daily quotation sheet of on the date of the offer of grant, which must be a trading day; (ii) the average closing price of shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the share.

(8) Remaining life of the New Scheme

The New Scheme will remain in force for a period of 10 years commencing on 29 August 2002 up to 28 August 2012.

Other than the share options disclosed above, the Company entered into an agreement with Mr. Yu Pun Hoi ("Mr. Yu") on 21 June 1999 in respect of the acquisition from Mr. Yu of the entire issued share capital of Powerful Resources Limited at a total consideration of HK\$870 million, a total of 200,000,000 new Shares were issued in 1999 at a price of HK\$0.60 each to Mr. Yu as settlement of part of the total consideration payable. The remaining portion of the acquisition consideration payable will be satisfied by the issuance of 1,250,000,000 new shares at the same price of HK\$0.60 each to Mr. Yu upon the fulfillment of certain conditions.

On 4 April 2002, the Company and Mr. Yu entered into an agreement to appoint Mr. Yu to procure, on a fully underwritten basis, investors to subscribe for the convertible notes in an aggregate principal amount of at least HK\$400 million. Mr. Yu also has a right, exercisable within 3 months of such completion, to require the Company to issue the convertible notes of up to an additional principal amount of HK\$200 million for subscription by the investors or by Mr. Yu or one or more of his associates. The convertible notes in an aggregate principal amount of HK\$400 million were issued to investors on 31 December 2002. By the mutual agreements dated 27 March 2003 and 30 June 2003 respectively, the Company and Mr. Yu have subsequently agreed to extend the aforesaid exercisable period to expire on 31 December 2003 or such further period as may be agreed between the parties.

Apart from the foregoing, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company or their associates, respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Service Contracts

None of the directors proposed for re-election at the forthcoming annual general meeting has entered into any service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

Directors' Interests in Contracts

During the year, the Group had material transactions in the normal course of business with certain related companies. Details of these transactions are set out in note 40 to the financial statements. Mr. Yu is interested in these transactions to the extent that he has direct and indirect beneficial interests in some of these companies. In addition, Mr. Yu has entered into underwriting agreement with the Company for the issue of convertible notes. Details of which are set out in the above "Directors' Rights to Acquire Shares or Debentures".

Apart from the foregoing, no director had a beneficial interest, either direct or indirect, in any significant contract to which the Company or any of its subsidiaries was a party at the balance sheet date or at any time during the year.

Substantial Shareholders

At 31 March 2003, the following parties with interests representing 10% or more of the Company's issued share capital were recorded in the register of substantial shareholders maintained pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of Shares
Pippen Limited	3,959,992,316 <i>(Note 1)</i>
Actinna Development Limited	3,959,992,316 <i>(Note 1)</i>
Rosewood Assets Ltd.	1,698,333,000 <i>(Note 1)</i>
Mr. Yu	6,708,325,316 <i>(Note 1)</i>
Staverley Assets Limited	2,857,470,000 <i>(Note 2)</i>
Elstrong Limited	2,857,470,000 <i>(Note 2)</i>
Citic Guoan Group Company Limited	2,857,470,000 <i>(Note 2)</i>

Notes:

1. Pippen Limited is a wholly owned subsidiary of Actinna Development Limited, which in turn is wholly owned by Mr. Yu. Pippen Limited's interest in the Company is included as part of the interest held by Actinna Development Limited and Mr. Yu.

Rosewood Assets Ltd. is wholly owned by Mr. Yu. Rosewood Assets Ltd.'s interest in the Company is included as part of the interest held by Mr. Yu.

Macro Resources Ltd., a company owned as to 60% by Mr. Yu, is interested in 1,000,000,000 Shares. Such interests are included as part of the interest held by Mr. Yu.

Apart from the interests described above, 50,000,000 Shares represent Mr. Yu's family interest in the Company.

2. Macro Resources Ltd. is owned as to 40% by Staverley Assets Limited. Its interest in the Company is included as part of the interest held by Staverley Assets Limited. Staverley Assets Limited is wholly owned by Elstrong Limited, which is in turn wholly owned by Citic Guoan Group Company Limited. Staverley Assets Limited's interest in the Company is included as part of the interest held by Elstrong Limited and Citic Guoan Group Company Limited.

Related Party Transactions and Connected Transactions

Details of related party transactions and connected transactions of the Company and the Group are set out in note 40 to the financial statements.

Purchase, Redemption or Sale of Listed Securities

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold or redeemed any of the Company's shares during the year.

Compliance with the Code of Best Practice

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year covered by the annual report except that non-executive directors are not appointed for a specific terms as recommended in paragraph 7 of Appendix 14. All directors are subject to the retirement and rotation requirements in accordance with the Company's articles of association.

Audit Committee

The Company has established an audit committee (the "Committee") in accordance with paragraph 14 of the Code of Best Practice throughout the year. The Committee comprises two independent non-executive directors of the Company.

The Committee has adopted specific terms of reference which clearly state its authorities and duties. The principal duties of the Committee include the review of the Group's financial reports and internal controls.

Post Balance Sheet Events

Details of the significant post balance sheet events of the Company and the Group are set out in note 44 to the financial statements.

Auditors

The financial statements for the financial year ended 31 March 2000 were audited by Messrs. Ernst & Young. The financial statements for the financial years ended 31 March 2001, 2002 and 2003 were audited by Grant Thornton.

A resolution will be proposed at the forthcoming annual general meeting for the reappointment of auditors of the Company.

On behalf of the Board

Zhang Hong Ren

Director

Hong Kong, 30 July 2003