

I am pleased to present the annual results of Sinotronics Holdings Limited (“Sinotronics” or the “Company”) and its subsidiaries and associates (collectively the “Group”) for the year ended 30th June, 2003 to all shareholders.

Last year was a hectic year for the Group. Under favourable economic conditions, and leveraged on its quality service in Electronic Manufacturing Services (EMS) as well as its prestige in the industry, the Group recorded a prominent increase in turnover. Despite the fact that limited resources were put into promotion marketing, the demand, in terms of sales order, still showed a significant growth during the year. Given such favourable development, during the year under review, the Group made much effort in upgrading of production capacity and put in place more sophisticated production facilities so as to optimize production scale for coping with the substantial increase of sales orders.

The underlying force for achieving such a remarkable result was that the gradual recovery of global economy acted as a driving force to the Group's sustained development, while the growth of EMS market as expected also fuelled the Group's pace of development. The Group incurred significant administrative cost for its transfer of listing from the GEM to the Main Board by way of introduction in January 2003, which resulted in a reduction of net profit for the whole year of 2003. Without taking such cost into account, the net profit for the year would reach RMB80,790,000, and attain earnings per share of approximately RMB20 cents. Despite this has caused us a reduction of profit of approximately RMB7,433,000, we believe such a transfer implies great value to us. We believe that the listing in the Main Board will help attract more significant investors and greatly upgrade our image in international arena, which will in turn help the Group realize its long-term development goals.

It is beyond dispute that electronic industry is a highly competitive industry. Under the favourable global economic atmosphere, many small and medium-sized electronic enterprises already penetrated into the PRC market. Based on our extensive knowledge and experience in the EMS and Printed Circuit Board (PCB) markets, we successfully engaged domestic and overseas clients to produce electronic products together with our expertise and technology in manufacturing of PCBs, our EMS is ready to meet every requirement from different scopes and different types of customers. The continual support from our potential and stable clients and our commitment to serve as their designer and engineer of PBC, not just merely a manufacturer, contributed to building a strong foundation in the market, we will strive to jointly explore the newly developed electronic products with a view to sharing the higher profit margins generated from those products.

At present, development of thick copper PCBs in the market has matured and it is widely used, in particular, in the manufacturing of automobiles. Recognizing the unlimited potential of the PRC automobile electronic market, the Group has placed much effort in seeking the award of ISO/TS16949 (the latest certification of quality assurance applicable to “automobile electronic” issued by ISO organisation) recognition for paving its way to expand the market of automobile electronic. It is expected that we will receive the recognition by October 2003. I am highly excited to see the fruits of our efforts. The Group also expects a promising market for flexible diffraction PCBs. Its uniqueness in mechanical flexure and three-dimensional shape allows free motion. Such a strength and being applicable to different uses, have contributed much in downsizing the portable electronic devices which are constantly being brought into market in recent days. In addition to raising the production capacity for thick copper PCBs, the Group is actively pursuing the enhancement in production capacity of flexible diffraction PCBs, with an aim for keeping in line with market needs and improve profitability.

Looking ahead, the Group believes our profound experience accumulated in the EMS industry would provide unlimited support for the Group to further expand its market and capture the market share, and ultimately steers the Group to become the leading market player in the industry.

To conclude, I would like to express my appreciation to the shareholders and clients for their continuous trust and support, as well as our management and all my fellow staff for their dedicated endeavour throughout the year, which contributed to Group's sustainable growth.

Lin Wan Qaing

Chairman

Hong Kong, 2nd October, 2003

