

In this past year, Sino-i Technology Limited (the "Company") has further strengthened its leading position in the business IT service sector in China through self development and mergers and acquisitions, and with continuing increase in turnover and profit. The recorded turnover during the 9 months' period after deduction of the turnover contributed by South Sea Holding Company Limited ("South Sea") was HK\$392,491,000, representing an increment of 36% by comparing with the turnover of HK\$288,473,000 recorded in the previous financial period of 12 months. The segmental profit was HK\$117,413,000 after deduction of profit contributed by South Sea, representing an increment of 6.3 times by comparing with the last year's figure.

Through our subsidiary CE Dongli Technology Company Limited ("CE Dongli"), we have successfully established a nationwide business and IT service network of about 5,000 staff in 50 major cities throughout China. Upon CE Dongli's acquisition of Beijing Xinnet Technology Development Company Limited ("Xinnet"), one of the two largest corporations in China's business internet basic service sector, we attained a comprehensive nationwide business distribution network comprised of more than 3,000 distributors. With the merger of CE Dongli and Xinnet, the Company now retains the largest and most aggressive IT service and business network in China. The merger has also strengthened the foundation of the Company, which dominates more than 60% market share, but will also fortify its market leadership position to further develop the business application service market. By integrating two different business models, the Company will become the largest distributor of IT service products in China. We foresee that these two business networks at the proper time will achieve substantial cooperative effects in providing business application service products.

The Company plans to continue to advance market leadership in the business IT service sector through self development and mergers and acquisitions. In the coming two years, the Company will not only fortify and expand market penetration, but also further restructure the management of the marketing, customer service, and technology and product divisions. We will conduct internal training programs and hiring activities to advance the marketing and customer service divisions. In the technology and product sector, we will enhance our merger and acquisition efforts especially in the area of business application software, to advance the technology division's ability to integrate a diversity of expertise to jointly complete the restructure.

In 2004, the Company will achieve major breakthrough in the business application software development, as its e-commerce application service platform will be completed and put in operation after two years of development. This platform is unique in its long-distance, multi-client, and resource sharing capabilities, and will integrate modular product development with customized product design, to meet the clients' e-commerce requirements on a single platform. These unique characteristics will not only reduce customer cost, but also enhance our technical service quality, making clients to build websites more economically and to substantially increase e-commerce abilities.

The Company plans to complete the application restructure of the Beijing data center for all of its subsidiaries in 2004, and build backup centers in two other cities as well as develop virtual hosting and co-location services. Also, the establishment of a 7X24 system management structure, system security implementation and service quality upgrades, as well as further investment in email services will be our key objectives in 2004.

Based on forecasts of increasing volume in business data transmission and Internet applications, the Company is in the process of researching whether we can utilize our business network to provide broadband access services. This type of service will allow us to meet business client requirements, and also set in motion software services in the business broadband access management area. The Company already has extensive software development experience for similar technologies, and with the current broadband access market is highly competitive, we can penetrate the market with the strongest sales force in the industry and achieve substantial market share. Also, broadband access is not yet the telecom service providers' key focus, and business services' profit margin is much larger compared to that of residential services, which will in turn allow us to minimize initial investment cost and achieve maximum benefit.

The Company has targeted the business IT service at China's SME market, which has been formally recognized as China's key economic driving force. The vast potential of this market has yet to be developed, and still at an initial phase. We strongly believe, through accurate market positioning and insight in the sector, the Company will continue to command leadership in China's business IT service industry.

In 2003, the Company entered into media-related sector, including culture and publishing related advertisement, distribution and production. With the management's extensive experience in cultural media, as well as our familiarity on launching a seamless nationwide business system, the Company possesses vast potential in developing the media-related sector. We foresee our initial entry phase into this industry in 2004, and achieve positive returns by 2005.

In order to better define business divisions and achieve efficient allocation of top management, the Company plans to restructure by separating the property division. Our shareholders have voted their support on 16 April 2004. Upon approval of the Court, we will complete the restructure process, which will in turn allow for easier demonstration of the Company's performance in the IT and cultural media related industries, and lead to increased earnings in 2004 and 2005.

I would like to thank all shareholders for your confidence in our management, and sincerely look forward to your continuous support in the future.

Yu Pun Hoi

Chairman

Hong Kong, 29 April 2004