

“Introducing International Technologies to Lead the PRC Rural Credit Co-operatives Forward into the Era of Reform”

On behalf of the board (the “Board”) of directors (the “Directors”) of Zhongtian International Limited (“Zhongtian International” or the “Company”) and its subsidiaries (collectively the “Group”), I am pleased to present the annual report and the audited financial statements of the Group for the year ended 31 December 2004.

2004 was an important year for the Group’s business development as the Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 22 September 2004. This achievement not only marked a new phase of the Group’s business development, but also laid a solid foundation for its global expansion. At the same time, the Company’s successful listing also strengthened its financial position and optimized the financial structure of the Group, facilitating its long-term development.

In 2004, the Group maintained a steady growth of business by capitalizing on its robust business positioning strategy and stringent quality and cost control. Early in the year, the Group completed the construction of the information network linking all rural credit co-operatives (“RCCs”) in Shandong Province, making it the first province with a provincial RCC information network in the PRC. This feat effectively enhanced the Group’s reputation, scaled up its technological standards to a higher level and making the Company to become a national brand for financial software in the PRC. In the middle of the year, the Group made a successful bid for the first provincial tender for RCC information network linking the RCCs in Hubei Province. This new milestone further cemented the leadership of the Group in the financial software industry in the PRC.

The Group’s turnover for the year ended 31 December 2004 was RMB114,956,000, representing an increase of 5.1% from the previous year. As the reform of the RCCs sector continues to push ahead, the Mainland provinces are putting forward one after another tenders for their provincial RCC information networks. To cope with the anticipated increase in market demand, the Group has made two important strategic moves: reducing the prices of its hardware and allocating more resources for the pursuit of marketing activities. Although this has led to a decline in the Group’s net profit for the year, we are confident that the decrease is only temporary as the Group is laying a firm ground for its future success.

Looking forward, we are optimistic about the RCC reform policy currently actively pursued by the State will remain to be an enormous force driving the development of the immense RCC market in the PRC, where a considerable number of participants are yet to construct their information networks. Leveraging on the outstanding reputation and solid goodwill of the Company in the PRC, we firmly believe that our Group is capable of securing more projects from various provinces and cities. Meanwhile, the Group is also actively exploring segments with high growth potential in the non-financial sector in search of diversification of its revenue sources.

The enhancement of the Group’s reputation also proved beneficial in attracting professional talents to join us, giving a substantial boost to our capability in research and development as well as in sales and marketing. At the same time, we actively introduce internationally advanced management practices to strengthen our corporate governance, transparency and risk management as we are placing more emphasis on maximizing shareholders’ return. In the long run, our objective is to move onward on all fronts to develop the Group into a diversified global corporation with a high reputation. Given our strong technological capability, remarkable goodwill and rapid growth in market share, we believe that Zhongtian International is heading for a bright future.

CHAIRMAN'S STATEMENT

Lastly, I would like to take this opportunity to express my gratitude for the shareholders for their strong support and for fellows on the board and management team for their thorough back up and assistance. I would also like to offer my heartfelt thanks to the staff of the Group for their dedication and to the customers for their ongoing support .

Sun Lianggui

Chairman

Hong Kong, 25 April 2005