

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of Sinotronics Holdings Limited ("Sinotronics" or the "Company"), I am pleased to present the financial report of the Group and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2006.

The Group is one of a few vertically integrated Electronic Manufacturing Services (EMS) providers in China. As a pioneer in providing one-stop EMS solutions, the Group has been seizing the blossoming business opportunities in the industry and is committed to expanding its business to consolidate its leading position in the market.

During the year under review, the Group continued to record double-digit growth of 42.2% in turnover to approximately RMB156 million. Profit attributable to equity shareholders of the Company grew at 26.6% to RMB102 million, resulting in a basic earnings per share of RMB22 cents. The increase was mainly attributable to a significant increase in the Group's expanding businesses of flexible PCBs and PCB Assembly ("PCBA") services.

Looking forward, we believe that EMS in China will enjoy continuous robust growth due to strong demand from consumer electronic products as well as the global trend of outsourcing EMS to low cost countries. PCB demand is also expected to keep on growing in the future. China is becoming one of the most important manufacturing regions for electronic products in the world.

Riding on the optimistic industry outlook, the Group will further expand its production capacity of both rigid PCBs in Fujian Province and flexible PCBs in Guangdong Province. Given the wide application of flexible PCBs and strong demands from clients, the Group is optimistic that flexible PCBs will become one of its key revenue engines in the coming years.

In view of increasing needs for one-stop EMS solutions to further shorten the production cycle and our successful PCBA business during the year, we plan to further expand our current PCBA capacity to meet overwhelming demands.

We believe our expertise and experience in the EMS industry as well as our unique strategic position will enable the Group to further expand its market and capture market share, paving the way for us to become the leading market player in the industry.

Finally, I would like to take this opportunity to express my gratitude to the board of directors, management and staff for their loyalty and dedication towards the Group; customers, suppliers and business partners for their cooperation and trust over the years; and shareholders and investors for their support.

Lin Wan Qaing

Chairman

Hong Kong, 19 October 2006