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Sino-I Technology Ltd.

## SINO-I TECHNOLOGY LIMITED

(Incorporated in Hong Kong with limited liability)

### ANNOUNCEMENT

The Board refers to an article appearing in a newspaper on 11 August 2003 in relation to the Strategic Alliance and the Proposed Listing and wishes to clarify the contents of this article in the manner set out below.

**The Proposed Listing may or may not proceed. The Profit Estimate described below purely represents an informal estimation by the management without concrete basis and has not been arrived at by means of any scientific analysis or proper methodology nor reviewed by the auditors or financial advisers of the Company. Such estimate should, therefore, not be relied upon as a formal forecast of the profits of CE Dongli or the Group. The Profit Estimate may or may not be achieved. Shareholders and investors are advised to exercise extreme caution and not to place reliance on such estimate when dealing in the shares of the Company. No representation is made by the Board or the Company that such estimates could or might be achieved.**

**Some information disclosed in the Press Release, including the Profit Estimate, as set out below is price sensitive in nature under paragraph 2 of the Listing Agreement and the Company's disclosure of such information through press release instead of paid advertisement is considered a selective disclosure of price sensitive information. The Company admits that such selective disclosure of price sensitive information constitutes a breach of paragraph 2 of the Listing Agreement. The Stock Exchange of Hong Kong Limited reserves the rights to take appropriate actions against the Company and its directors in respect thereof.**

Trading in the shares of the Company was suspended at the request of the Company with effect from 9:30 a.m. on 12 August 2003 pending the release of this announcement. An application has been made to the Stock Exchange for a resumption of trading in the shares of the Company with effect from 9:30 a.m. on 15 August 2003.

The board of directors ("Board") of Sino-i Technology Limited ("Company", together with its subsidiaries, the "Group") refers to an article appearing in the newspaper on 11 August 2003 in relation to:

- (a) a strategic alliance formed between Shihua Financial Information and Standard & Poor's for entry into the financial information sector in China ("Strategic Alliance"); and
- (b) a proposed listing of CE Dongli in the PRC A-share market ("Proposed Listing").

#### Strategic Alliance

Beijing Shihua International Financial Information Company Limited ("Shihua Financial Information") is a company established on 12 October 1993 under the laws of the People's Republic of China ("PRC") and is an 80% owned subsidiary of the Company principally engaged in the provision of financial information, investment analysis and systems development services in the PRC. The remaining 20% equity interest is owned by CITIC Guoan Information Industry Company, Limited (a subsidiary of a substantial shareholder of the Company, namely CITIC Guoan Group Company Limited). Shihua Financial Information provides instantaneous access to real-time financial information, data and analysis for the users.

As disclosed in the 2003 annual report of the Company ("Annual Report"), Shihua Financial Information has established a strategic partnership with Standard & Poor's, a global provider of independent credit ratings and a leading international source of valuation, analysis and opinions. The Strategic Alliance envisages a cooperation between the parties under which the information products of Standard & Poor's would be introduced into the PRC through the use of Shihua Financial Information's platform as a financial information provider starting 1 September 2003. In accordance with the agreement made with Standard & Poor's, Standard & Poor's agrees to make its products and services available to the customers of Shihua Financial Information without any capital commitment on the part of Shihua Financial Information, but Shihua Financial Information is required to pay to Standard & Poor's monthly fees at a flat rate per user which vary according to the number of targeted users ranging from banks, brokerages, investment institutions, corporations to personal investors. The agreement is a non-exclusive agreement and valid for three years. Shihua Financial Information and Standard & Poor's will jointly provide "Asia MarketScope" on the Shihua platform. It is a service that provides in bilingual format a combination of currency market commentary, intra-day information and market analysis, STARS ranking, buy/sell recommendation on Asian equities and the latest views from leading brokerages in Asia.

The Company has no immediate or concrete plan, including timing and method of listing, to list Shihua Financial Information in any stock exchanges in the PRC or other jurisdictions.

#### Proposed Listing

The following is extracted from a press release (the "Press Release") in respect of the Proposed Listing disseminated by the Company to certain news media on 5 August 2003:

*"CE Dongli Technology Company Limited ("CE Dongli") has completed the transformation of its corporate nature to a corporation having share capital on 4 August 2003, and proceeded to enter into the "Listing Tutorial Period" prior to listing on the main board in the PRC. CE Dongli has a registered capital of RMB 148.57 million.*

*According to the PRC governing regulations, any company intends to be listed on the main board must go through the process of transforming its capital to become a share capital nature company. It is a mandatory requirement that such company has to be tutored by an accredited securities company for one year before eligible for listing. CE Dongli has become one of the earliest foreign entities which successfully entered into the "Listing Tutorial Period".*

*CE Dongli is a subsidiary of the Company, which focuses on provision of IT application services business to corporate clients and has devoted to provide all-round eCorporation application services to thousands of small to medium size enterprises. In addition, CE Dongli has recorded an average annual turnover growth of about 65% in the last three years and employed over 3,100 professional staff and set up 41 branches in China. Combining a team of leading business professionals, nationwide service network and well understanding of its clients' business challenges, CE Dongli has provided the cutting edge eCorporation services and web-based solutions to more than 50,000 clients.*

*CE Dongli is devoted to establish itself to become an international brand name through continuous improvement of its products' operating efficiency. To ensure a smooth listing process, the Company will closely monitor the latest development of the PRC listing regulations for any changes.*

*There are less than 1% of IT-related companies listed on the stock exchanges in China. In order to strengthen CE Dongli's competitive edge and broaden its service network, the Company has merged one of its IT-related subsidiaries, Beijing Xinnet Digital Communication Network Company Limited ("Xin Net") with CE Dongli. In 2002, CE Dongli and Xin Net have recorded a turnover of RMB172.2 million and RMB45 million respectively. Mr. Yu Pun Hoi, the Chairman of the Company, anticipated that the IT-related business is hopefully expected to contribute a turnover of about RMB400 million and an income of about RMB85 million in 2003."*

CE Dongli is a company established on 16 September 1999 under the laws of the PRC and a subsidiary beneficially owned as to 80% by the Company and the remaining 20% equity interest is owned by independent third party. CE Dongli is principally engaged in the provision of business information application services.

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As disclosed in the Annual Report, CE Dongli underwent a shareholding restructuring and entered into the "Listing Tutorial Period" as part of the Company's plan to list CE Dongli on China's main board around 2004. At present, the Company aims to raise about RMB600 to 700 million. The actual fund to be raised depends on various factors including the number of shares to be placed or subscribed by the public, profitability of CE Dongli and price earnings multiples acceptable by the market. The Company intends to maintain a controlling interest in CE Dongli after listing from about 48% to 58% and to use the proceeds to develop CE Dongli's own business or finance its future developments. Save as described above, no specific terms for the Proposed Listing (such as the method of listing or the pricing or amount of shares in CE Dongli proposed to be listed) have been determined and the Proposed Listing may or may not proceed. If the Proposed Listing materialises, the Company will comply with its obligations under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including the requirement under Practice Note 15 of the Listing Rules, disclosure and/or shareholders' approval requirements which may arise as a result of the Proposed Listing and all the relevant laws and regulations in the PRC.

The directors of the Company believe that the Proposed Listing will not have any material adverse financial impact to the Company.

**The Proposed Listing may or may not proceed and the amount to be raised from the Proposed Listing may not be achieved.** The Company will make further announcements to inform shareholders of any major development in respect of the Proposed Listing.

Up to date, the Company has invested about RMB100 million into CE Dongli and CE Dongli has about 41 branch offices and about 3,000 employees in the PRC. The Board estimates that CE Dongli would generate a consolidated turnover of about RMB400 million and net profits of about RMB85 million for the year ending 31 December 2003. The principal bases on which these estimates have been arrived at are set out below.

The estimated turnover of about RMB400 million consists of a turnover of about RMB340 million expected to be generated from about 60 branches of CE Dongli in the PRC and a turnover of about RMB60 million expected to be generated by a newly acquired wholly owned subsidiary, Xin Net. Such subsidiary is acquired from an independent third party not connected with any of the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or associates at a consideration of RMB24 million during the year and principally engaged in business information application services in the PRC. Information relating to the historical performance of CE Dongli's branches is set out below:

- (1) about 33 branches in the PRC for the year ended 31 December 2001 generated an audited turnover of about RMB125.4 million for that year; and
- (2) about 34 branches in the PRC for the year ended 31 December 2002 generated an audited turnover of about RMB172.2 million for that year.

For the year ended 31 December 2002, CE Dongli recorded an audited net profit of about RMB54 million. The unaudited turnover and profit for the six months ended 30 June 2003 for CE Dongli are RMB165 million and RMB35 million respectively. The estimated net profits of about RMB85 million for the year ending 31 December 2003 (the "Profit Estimate") for CE Dongli are based on the expected increase in turnover and synergy created from the combined entity.

**The directors of the Company wish to advise the public that the estimates referred to above in particular, the Profit Estimate only represent an informal estimation by the management without concrete basis and have not been arrived at by means of any scientific analysis or proper methodology nor reviewed by the auditors or financial advisers of the Company. Such estimates should, therefore, not be relied upon as a formal forecast of the profits of CE Dongli or the Group. The Profit Estimate may or may not be achieved. Shareholders and investors are advised to exercise extreme caution and not to place reliance on such estimates when dealing in the shares of the Company. No representation is made by the Board or the Company that such estimates could or might be achieved.**

### General

Save as disclosed, the Directors confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither are the Directors aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price sensitive nature.

**Some information disclosed in the Press Release, including the Profit Estimate, is price sensitive in nature under paragraph 2 of the Listing Agreement and the Company's disclosure of such information through press release instead of paid advertisement is considered a selective disclosure of price sensitive information. The Company admits that such selective disclosure of price sensitive information constitutes a breach of paragraph 2 of the Listing Agreement. The Stock Exchange of Hong Kong Limited reserves the rights to take appropriate actions against the Company and its directors in respect thereof.**

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By order of the Board  
**Watt Ka Po James**  
Company Secretary

Hong Kong, 14 August 2003

Please also refer to the published version of this announcement in The Standard dated on 15-8-2003.