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SINO TECHNOLOGY INVESTMENTS COMPANY LIMITED

中國創新投資有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1217)

POSITIVE PROGRESS ON INVESTMENT IN THE MILITARY INDUSTRY – ESTABLISHMENT OF STEERING COMMITTEE FOR CO-INVESTMENTS UNDER THE STRATEGIC ALLIANCE FORMED BY CITIC INVESTMENT AND THE COMPANY

Financial adviser

COMMERZBANK 

Commerzbank AG Hong Kong Branch

The Board is pleased to announce that, further to the entering into of the non-legally binding co-operation memorandum with CITIC Investment Holdings Limited (“CITIC Investment”) on 22 October 2007, on 1 January 2008, the Company and CITIC Investment entered into an agreement to jointly establish the Steering Committee for co-investments in the military industry in the PRC under the strategic alliance formed by CITIC Investment and the Company for the purposes of identifying co-investment targets and facilitating the process of such investments through the guidance of the committee members.

Reference is made to the Company’s announcements (the “Announcements”) dated 16 August and 22 October 2007 and the circular (the “Circular”) dated 17 September 2007, in relation to, among other things, the Rights Issue and the Warrants Subscription as well as their proposed application of the proceeds and the establishment of strategic alliance with CITIC Investment. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

PROGRESS ON INVESTMENT IN MILITARY INDUSTRIES

As stated in the Circular, 中華人民共和國國防科學技術工業委員會 (the Commission of Science Technology and Industry for National Defense of the PRC*, “CSTIND”), 中華人民共和國國家發展和改革委員會 (the National Development and Reform Commission of the PRC*) and 國務院國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of the State Council of the PRC*) jointly issued a policy direction of Circular No. 546 on 17 May 2007 concerning the reform

* For identification purpose only

and share restructuring of the state-owned enterprises in the military industry in the PRC for purposes of enhancing operating efficiency and financial performance of these state-owned enterprises as well as to encourage qualified foreign investors to participate in their reform and share restructuring. With a view to seizing the opportunities under the aforesaid policy direction and using the proceeds to invest, as a minority shareholder and participate, as a financial investor, in the state-owned enterprises engaged in military industry (particularly, those engaged in the commercialization and development of technologies used in military for civil and commercial applications), the Company plans to dedicate additional resources on investment in those PRC enterprises engaged in the military industry in the PRC in the future.

On 1 January 2008, the Company and CITIC Investment entered into an agreement to jointly establish a steering committee (the “Steering Committee”) for co-investments in the military industry in the PRC under the strategic alliance formed by CITIC Investment and the Company for the purposes of identifying co-investment targets and facilitating the process of such investments through the guidance of the committee members.

As at the date of this announcement, the initial committee members are Ms. Nie Li, as the Director of the Steering Committee, and Mr. Wang Zhao Qi and Mr. Su Xu Guang as the committee members. Set out below is a summary of their background:

Ms. Nie Li was formerly the deputy minister of CSTIND and vice-chairlady of the China Association of Inventions. Ms. Nie is also a lieutenant general of the People’s Liberation Army (the “PLA”) of the PRC and was formerly appointed as a standing committee member of the National People’s Congress of the PRC. Ms. Nie has conducted and guided a number of significant military technological research projects and was granted several national awards.

Mr. Wang Zhao Qi was formerly the deputy officer of the general office of CSTIND and the deputy chief of staffs of the armament department of the PLA. He was also a major general of the PLA. Mr. Wang has substantial experience in national defense technology management.

Mr. Su Xu Guang was formerly the deputy officer of the Taiyuan Satellite Launch Centre in the PRC, the department head of the secretary department of the general office of CSTIND and the deputy department head of the general logistics department of the armament department of the PLA. He was also a major general of the PLA. Mr. Su has substantial experience in national defense technology research and management.

Further announcement(s) in relation to any material development of the possible investment in the military industry will be made by the Company as and when appropriate.

By order of the Board

Xiang Xin

Executive Director and Chief Executive Officer

Hong Kong, 2 January 2008

As at the date of this announcement, the executive Directors of the Company are Mr. Xiang Xin, Mr. Chan Cheong Yee and Mr. Wong Chak Keung; the non-executive Directors are Mr. Wang Qing Yu (Chairman) and Mr. Ng Kwong Chue, Paul; the independent non-executive Directors are Mr. David Wang Xin, Mr. Zang Hong Liang and Mr. Lee Wing Hang.