SINO INFOTECH HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Interim Report

2002

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of Sino InfoTech Holdings Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2002 together with the comparative figures for the corresponding period in 2001 as follows:

Condensed Consolidated Income Statement

	Notes	(Unaudited) Six months ended 30 June 2002 HK$'000	2001 HK$'000
Turnover	2	**27,889**	42,889
Cost of sales		**(23,574)**	(47,637)
Gross profit/(loss)		**4,315**	(4,748)
Other revenue		**2,280**	603
Selling and distribution costs		**(1,934)**	(4,990)
Administrative expenses		**(10,912)**	(13,760)
Other operating expenses		**(1,411)**	(812)
Loss from operating activities	3	**(7,662)**	(23,707)
Finance costs	4	**(93)**	(162)
Share of profits less losses of associates		**–**	2,829
Loss before tax		**(7,755)**	(21,040)
Tax	5	**–**	(1,182)
Net loss from ordinary activities attributable to shareholders		**(7,755)**	(22,222)
Interim dividend		**–**	–
Loss per share	6		
– Basic		**(0.77 cents)**	(2.41 cents)

Condensed Consolidated Balance Sheet

	Notes	(Unaudited) As at 30 June 2002 HK$'000	(Audited) As at 31 December 2001 HK$'000
NON-CURRENT ASSETS			
Fixed assets		**38,823**	40,177
Interests in associates		**40,000**	40,000
		78,823	80,177
CURRENT ASSETS			
Short term investments		**2,821**	2,432
Inventories		**2,890**	8,511
Trade receivables	7	**3,365**	1,978
Other receivables		**714**	1,128
Pledged deposits		**6,000**	6,000
Cash and bank balances		**11,473**	10,626
		27,263	30,675
CURRENT LIABILITIES			
Trade and bills payables	8	**10,742**	10,778
Other payables and accruals		**19,160**	18,359
Trust receipt loans, secured		**5,171**	2,947
		35,073	32,084
NET CURRENT LIABILITIES		**(7,810)**	(1,409)
TOTAL ASSETS LESS CURRENT LIABILITIES		**71,013**	78,768
MINORITY INTERESTS		**300**	300
		70,713	78,468
CAPITAL AND RESERVES			
Issued share capital	9	**100,453**	100,453
Reserves		**(29,740)**	(21,985)
		70,713	78,468

Condensed Consolidated Statement of Change in Equity

30 June 2002

	(Unaudited) Share capital HK'000	(Unaudited) Share premium HK$'000	(Unaudited) Capital reserves# HK$'000	(Unaudited) Exchange translation reserve HK$'000	(Unaudited) Accumulated losses HK$'000	(Unaudited) Total HK$'000
As at 1 January 2002	**100,453**	**298,011**	**21,977**	**477**	**(342,450)**	**78,468**
Net loss for the period	**-**	**-**	**-**	**-**	**(7,755)**	**(7,755)**
As at 30 June 2002	**100,453**	**298,011**	**21,977**	**477**	**(350,205)**	**70,713**

31 December 2001

	(Audited) Share capital HK'000	(Audited) Share premium HK$'000	(Audited) Capital reserves# HK$'000	(Audited) Exchange translation reserve HK$'000	(Audited) Accumulated losses HK$'000	(Audited) Total HK$'000
As at 1 January 2001, as restated	90,408	296,555	21,977	485	(271,965)	137,460
Issue of shares	10,045	1,843	–	–	–	11,888
Share issue expenses	–	(387)	–	–	–	(387)
Net loss for the year	–	–	–	–	(70,485)	(70,485)
Share of movements in reserves of associates	–	–	–	(8)	–	(8)
As at 31 December 2001	100,453	298,011	21,977	477	(342,450)	78,468

Capital reserves represent the non-distributable reserves of an associate.

Condensed Consolidated Cash Flow Statement

	(Unaudited) For the six months ended 30 June 2002 HK$'000	(Unaudited) For the six months ended 30 June 2001 HK$'000 (Restated)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	**(1,021)**	(1,744)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(356)**	(1,126)
NET CASH INFLOW FROM FINANCING ACTIVITIES	**2,224**	11,976
INCREASE IN CASH AND CASH EQUIVALENTS	**847**	9,106
Cash and cash equivalents at the beginning of period	**10,626**	8,895
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**11,473**	18,001
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**11,473**	18,001

Notes to Condensed Consolidated Financial Statements

1. Basis of preparation and accounting policies

The unaudited condensed interim consolidated financial statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") 25 (Revised) "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("HKSA") and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The accounting policies adopted in these condensed interim consolidated financial statements are consistent with those set out in the Group's audited financial statements for the year ended 31 December 2001, except that the Group has changed certain of its accounting policies following its adoption of the following revised or new SSAPs which became effective for the current accounting period:

SSAP 1 (Revised)	:	Presentation of financial statements
SSAP 11 (Revised)	:	Foreign currency translation
SSAP 15 (Revised)	:	Cash flow statements
SSAP 25 (Revised)	:	Interim financial reporting
SSAP 34	:	Employee benefits

Certain presentational changes have been made upon the adoption of SSAP 1 (Revised) "Presentation of financial statements" and SSAP 15 (Revised) "Cash flow statements".

Except for the above, the adoption of these new or revised SSAPs has no material impact on the Group's financial statements.

2. Turnover and segmental information

The Group's turnover have been derived principally from the design, manufacture and marketing of a wide range of electronic consumer products, including pagers, calculators and electronic toys.

An analysis of the Group's turnover and contribution to loss from operating activities by geographical area of operations is as follows:

	For the six months ended 30 June 2002 (Unaudited)					
	Hong Kong and Far East HK$'000	Elsewhere in the PRC HK$'000	North America HK$'000	Europe HK$'000	Elimination HK$'000	Consolidated HK$'000
Segment revenue:						
Sales to external customers	1,271	909	8,488	17,221	-	27,889
Contribution to loss from operating activities:						
Segment results	76	(5,510)	2,533	7,216	-	4,315
Unallocated revenue						2,280
Unallocated expenses						(14,257)
						(7,662)

	For the six months ended 30 June 2001 (Unaudited)					
	Hong Kong and Far East HK$'000	Elsewhere in the PRC HK$'000	North America HK$'000	Europe HK$'000	Elimination HK$'000	Consolidated HK$'000
Segment revenue:						
Sales to external customers	6,637	7,965	10,625	17,662	–	42,889
Contribution to loss from operating activities:						
Segment results	(735)	(882)	(1,176)	(1,955)	–	(4,748)
Unallocated revenue						603
Unallocated expenses						(19,562)
						(23,707)

3. Loss from operating activities

The Group's loss from operation activities is arrived at after charging/(crediting):

	(Unaudited) For the six months ended 30 June	
	2002	2001
	HK$'000	HK$'000
Depreciation	**1,619**	2,340
Bad debt expenses	**36**	–
Provision for trade receivables written back	**(411)**	1,103
Unrealised holding gain on short term investments	**(389)**	(754)
Amortization of goodwill	**–**	446
Interest income	**(93)**	(202)

4. Finance costs

	(Unaudited) For the six months ended 30 June	
	2002	2001
	HK$'000	HK$'000
Interest on bank loans wholly repayable within five years	**93**	162

5. Tax

	(Unaudited) For the six months ended 30 June	
	2002	2001
	HK$'000	HK$'000
Company and subsidiaries:	**–**	–
Share of tax of associates:	**–**	1,182
Tax charge for the period	**–**	1,182

No provision for Hong Kong profits tax has been made for the current period (2001: Nil) because the Group did not have any assessable profits arising in Hong Kong.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

6. Loss per share

The calculation of the basic loss per share is based on the net loss attributable to the shareholders for the period of approximately HK$7,755,000 (2001: HK$22,222,000) and the weighted average of 1,004,527,778 (2001: 922,389,594) ordinary shares in issue during the period.

The diluted loss per share for the periods ended 30 June 2002 and 2001 have not been presented as the effects arising from the exercise of the Company's share options would have been anti-dilutive.

7. Trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	(Unaudited) As at 30 June 2002 HK$'000	**Percentage**	(Audited) As at 31 December 2001 HK$'000	Percentage
Within two months	**3,361**	**40**	2,141	29
Within two to four months	**65**	**1**	259	3
Within four months to one year	**188**	**2**	1,079	15
Over one year	**4,816**	**57**	3,975	53
	8,430	**100**	7,454	100
Less: Provision	**(5,065)**		(5,476)	
Total after provision	**3,365**		1,978	

The normal credit period granted by the Group is within two months from the date of recognition of the sale.

8. Trade and bills payables

The ageing analysis of the Group's trade and bills payables is as follows:

	(Unaudited) As at 30 June 2002 HK$'000	**Percentage**	(Audited) As at 31 December 2001 HK$'000	Percentage
Within two months	**4,891**	**45**	3,211	30
Within two to four months	**1,512**	**14**	3,424	32
Within four months to one year	**3,093**	**29**	3,023	28
Over one year	**1,246**	**12**	1,120	10
	10,742	**100**	10,778	100

9. Share capital

	(Unaudited) As at 30 June 2002 HK'000	(Audited) As at 31 December 2001 HK'000
Authorised:		
3,000,000,000 ordinary shares of HK$0.10 each	300,000	300,000
Issued and fully paid:		
1,004,527,778 ordinary shares of HK$0.10 each	100,453	100,453

Share options

Details of the share options granted during the period and the movements in the number of share options outstanding under the share option scheme of the Company adopted on 3 December 1992 (the "Existing Scheme") are as follows:

				Number of share options				
Grantee	Date of grant	Exercise price HK$	Exercisable period	Balance in issue at 1 January 2002	Granted during the period	Exercised during the period	Cancelled during the period	Balance in issue at 30 June 2002
Director								
Xu Xiaolu	22 January 2001	0.128	29 January 2002 to 21 January 2006	1,200,000	–	–	–	1,200,000
Other employees in aggregate	31 August 1999	0.225	31 August 2000 to 30 August 2004	5,400,000	–	–	–	5,400,000
	9 May 2000	0.316	15 May 2001 to 8 May 2005	800,000	–	–	–	800,000
	22 January 2001	0.128	29 January 2002 to 21 January 2006	3,884,000	-	–	(500,000)	3,384,000
	16 March 2001	0.104	27 March 2002 to 15 March 2006	1,000,000	–	–	–	1,000,000
				12,284,000	–	–	(500,000)	11,784,000

In order to comply with the amended Chapter 17 of the Listing Rules, a new share option scheme (the "New Scheme") was adopted at the annual general meeting of the Company held on 26 August 2002 and the Existing Scheme was terminated. Subsequent to termination of the Existing Scheme, no further share options under this scheme will be granted thereunder. Save for this, the provisions of the Existing Scheme shall in all other respects remain in full force and effect and all outstanding options granted prior to its termination shall continue to be valid and exercisable in accordance with the provisions of the Existing Scheme. As at the date of this report, the Company has not granted any options under the New Scheme.

10. Operating lease arrangements

The Group leases certain of its factory premises under operating lease arrangements. At 30 June 2002, the Group had total future minimum lease payments under non-cancellable operation leases falling due as follows:

	(Unaudited) As at 30 June 2002 HK'000	(Audited) As at 31 December 2001 HK'000
Within one year	**1,164**	1,527
In the second to fifth years, inclusive	**4,656**	5,999
	5,820	7,526

11. Post balance sheet events

a) On 12 July 2002, the Company has entered into an acquisition agreement to acquire the entire issued capital of Superfort Management Corp. ("Superfort") from United Home Limited ("United Home"). To fund the acquisition, the Company has also entered into a subscription agreement to issue and allot 379,746,836 shares at a price of HK$0.158 per share to United Home. Superfort will hold 70% equity interest in Hainan Caixun Infomedia Co., Ltd. ("Hainan Caixun") upon the completion of an internal restructuring of Superfort and has been granted an option to acquire an additional 15.7% equity interest of Hainan Caixun. Superfort and its subsidiaries ("Caixun Group") is principally engaged in the advertising business and has been granted long-term exclusive advertising publication rights by several of the largest financial and business magazines and newspaper in the PRC. The details of the transactions were included in a circular dispatched to the shareholders on 23 August 2002. The ordinary resolutions approving the acquisition agreement and the subscription agreement were duly passed in a special general meeting held on 16 September 2002. Completions of the agreements are conditional upon the fulfillment of the other conditions precedent of the agreements as listed in an announcement made on 16 September 2002.

b) On 24 July 2002, the Company issued one-year zero coupon convertible notes carrying rights to be converted into shares of the Company at an initial conversion price of HK$0.20 per share (subject to adjustments) at any time from date of issue of the convertible notes up to its maturity date.

12. Comparative figures

Certain comparative figures have been reclassified to conform with current period's presentation.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2002 (2001: Nil).

BUSINESS REVIEW AND PROSPECTS

During the six months ended 30 June 2002 the Group only achieved a turnover of approximately HK$27,889,000, representing a decrease of approximately 35% compared to that of corresponding period in 2001. The Group has recorded an attributable loss to shareholders of approximately HK$7,755,000 compared with a loss of approximately HK$22,222,000 in the corresponding period. The significant drop in turnover was due to the severe price competition and sluggish demand of our electronics products.

On 31 December 2001, the Group entered into an agreement to dispose of its 28.84% in the issued share capital of Wu Holdings Limited ("Wu Holdings"), a major associate of the Group, for approximately US$5.13 million (or approximately HK$40 million), of which approximately US$1.59 million (or approximately HK$12.4 million) has been received and the balance of approximately US$3.54 million (or approximately HK$27.61 million) is expected to be received on or before 31 October 2002. On 1 March 2002, the transaction was approved by independent shareholders of the Company in a special general meeting. Up to the date of this report, the conditions as specified in the agreement had not been fully fulfilled and accordingly, the said transaction has not been completed.

With a view to benefit from the growth potential of the PRC advertising industry, the Directors believe that the acquisition of Caixun Group will broaden the Group's business activities. The Directors also believe that the Caixun Group, as one of the largest advertising companies in the financial publication-advertising sector in the PRC with a broad customer base, will provide a valuable source of income and bring a new outlook to the overall business development of the Group in the future.

In order to improve the results of the Group's existing electronics business, it will continue to strengthen its financial control and streamline its operation. With the proceed from sales of shares in Wu Holdings and the issuance of convertible notes, the liquidity and the financial position of the Group has been improved as compared to that of the year 2001. As the Group has been suffering from loss in the past, it will continue to search for investment opportunities with promising return.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operation activities were financed by internal sources and banking facilities (trust receipt loans). Cash deposits of approximately HK$6,000,000 and the Group's leasehold land and buildings in Hong Kong were pledged to a bank to secure banking facilities granted to a subsidiary of the Group. As at 30 June 2002, such facilities were utilised to approximately HK$5,171,000 as compared to approximately HK$2,947,000 as at 31 December 2001.

As at 30 June 2002, the Group's equity was approximately HK$71 million as compared to approximately HK$78 million as at 31 December 2001. The Group had no long-term debt as at 30 June 2002 and 31 December 2001. The gearing ratio, which was computed by current liabilities over shareholders' fund, was 49.6% as compared to 40.9% as at 31 December 2001.

FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, United States Dollars or Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. During the period, the Group does not have any fixed interest rate borrowings and has not engaged in any financial instruments for hedging or speculative activities.

EMPLOYEES

At as 30 June 2002, the Group had approximately 900 employees in Hong Kong and the PRC. Salaries, bonus and benefits were decided in accordance with the market condition and performance of the respective employees.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2002, the interests of the directors in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

	Number of shares held and nature of interest		
Name of director	**Personal**	**Family**	**Total**
XU Xiaolu	2,100,000	3,250,000	5,350,000

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations, as defined in the SDI Ordinance.

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

Apart from as disclosed in "Note 9 to the Condensed Consolidated Financial Statements" above, at no time during the period was the Company or its subsidiaries a party to any arrangement to enable the Company's directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2002, according to the register required to be kept by the Company under Section 16(1) of the SDI Ordinance, the following shareholders were directly or indirectly interested in 10% or more of the issued share capital of the Company:

Name	Number of ordinary shares held	Percentage of interest
United Home Limited	298,096,988	29.68%
Carlet Investments Ltd	172,644,210	17.19%

The 172,644,210 shares of the Company were owned by Carlet Investments Ltd. ("Carlet"), which shares were indirectly owned by United Home by virtue of its 68% interest in Carlet. In addition to the 172,644,210 shares directly owned by Carlet, 125,452,778 shares which represents 12.49% of the Company's shares in issue were directly owned by United Home.

Save as disclosed above, the directors of the Company are not aware of any other person who, as at 30 June 2002, was, directly or indirectly, beneficially interested in 10% or more of the issued share capital of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

AUDIT COMMITTEE

The Company has an audited committee which was established in accordance with the requirements of the Code of Best Practice. The audit committee comprises two independent non-executive directors, Mr. FU Fengxiang and Mr. YANG Lang and has reviewed with management the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements for the six months ended 30 June 2002.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules, throughout the six months ended 30 June 2002, except that independent non-executive directors are not appointed for specific terms of office but are subject to retirement by rotation in accordance with the articles of association of the Company.

By Order of the Board
XU Xiaolu
Managing Director

Hong Kong, 25 September 2002