



SINO TECHNOLOGY INVESTMENTS COMPANY LIMITED

中國創新投資有限公司

(Incorporated in the Cayman Islands with limited liability)



INTERIM REPORT

2002

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CORPORATE INFORMATION**DIRECTORS***Executive Directors*

Mr Shiu Shu Ming
 Mr Lee Wa Lun Warren
 Mr Lee Kin Chung Simon

Independent Non-executive Directors

Mr Wang Zhengde
 Mr Peng Xue Jun

COMPANY SECRETARY

Ms Ng Ka Yuen Cecilia

REGISTERED OFFICE

Codan Trust & Company (Cayman) Limited
 Century Yard
 Cricket Square
 Hutchins Drive
 PO Box 2681 GT
 George Town
 Grand Cayman
 Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

20th Floor
 Times Tower
 391-407 Jaffe Road
 Wan Chai
 Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tengis Limited
 4th Floor
 Hutchison House
 10 Harcourt Road
 Central
 Hong Kong

TRADING CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

1217

INVESTMENT MANAGER

Hua Yu Investment Management Limited
 Suite 51, 5th Floor
 New Henry House
 10 Ice House Street
 Central
 Hong Kong

LEGAL COUNSEL*Hong Kong*

Richards Butler
 20th Floor
 Alexandra House
 16-20 Chater Road
 Central
 Hong Kong

Cayman Islands

Conyers Dill & Pearman, Cayman
 Century Yard
 Cricket Square
 Hutchins Drive
 George Town
 Grand Cayman
 Cayman Islands

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
 6th Floor
 Wheelock House
 20 Pedder Street
 Central
 Hong Kong

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited
 1 Garden Road
 Central
 Hong Kong

CUSTODIAN

Standard Chartered Bank
 9th Floor
 Standard Chartered Bank Building
 4-4A Des Voeux Road Central
 Hong Kong

The Board of Directors (the “Directors”) of Sino Technology Investments Company Limited (hereinafter referred as to the “Company”) is pleased to announce the unaudited condensed results of the Company for the period from 7 February 2002 (date of incorporation) to 30 June 2002. These interim financial statements have not been audited, but have been reviewed by the Company’s Audit Committee.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

The Company was incorporated in the Cayman Islands on 7 February 2002 and was successfully listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 28 August 2002 following an issue of 66,000,000 new shares at an issue price of HK\$0.25 per share. The net proceeds arising from the new issue amounted to approximately HK\$12.5 million.

The Company is an investment company with the primary objective of achieving medium-term (i.e. from three to five years) capital appreciation by investing in listed and unlisted companies mainly in Hong Kong and the People’s Republic of China. Since the listing of the Company’s shares on the Stock Exchange, there has been no change in the Company’s investment objectives and policies as stated in the Company’s prospectus dated 16 August 2002.

The Company will normally invest in the form of equity-related based securities and debt instruments in listed and unlisted companies engaged in industries including but not limited to information technology, telecommunications, manufacturing, service, property, infrastructure, life science and environmental sectors to maintain a balance in the Company’s exposure to different industry sectors in order to minimize the impact on the Company in the event of any downturn in any particular sector. The Directors will manage the Company’s portfolio with an optimistic but conservative approach to maximize the return to shareholders.

During the period, the Company had not conducted any business transaction.

Capital commitment and contingent liabilities

The Company did not have any borrowings during the period and there are no changes on the Company’s assets. As at 30 June 2002, the Company had no material capital commitment and contingent liabilities.

Employees

As at 30 June 2002, the Company had not commenced business and no employee was employed during the period.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

Directors' Interests in Securities

As at 30 June 2002, the interests of the Directors in the share capital of the Company and its associated corporations, within the meaning of the Securities (Disclosures of Interests) Ordinance (the "SDI Ordinance") as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance or otherwise notified to the Company were as follows:—

Name of Director	Nature of Interest	Number of Shares	<i>Note</i>
Mr Shiu Shu Ming	Personal	1	(a)

Note:

- (a) The share was held by Mr Shiu Shu Ming as the initial and sole shareholder of the Company on 7 February 2002. The share was repurchased by the Company on 18 July 2002.

Save as disclosed above, none of the Directors or their associates had any interest in the equity or debt securities of the Company or its associated corporations as defined in the SDI Ordinance.

Directors' Rights to Acquire Shares

During the period, no rights were granted to the Directors, their respective spouse, or children under 18 years of age to subscribe for equity or debt securities of the Company. As at 30 June 2002, there were no share options outstanding which entitle any of the Directors of the Company to subscribe for shares in the capital of the Company.

Substantial Shareholders

As at 30 June 2002, the register of substantial shareholders maintained by the Company under section 16(1) of the SDI Ordinance showed that the following shareholders had an interest of 10% or more of the nominal value of the issued share capital of the Company:

Name of Shareholder	Number of Shares	Percentage
Mr Shiu Shu Ming	1	100%

Saved as disclosed above, the Company has not been notified of any other parties having an interest of 10% or more of the issued share capital of the Company as at 30 June 2002.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

(continued)

Interim Dividend

The Board of Directors has resolved not to declare any interim dividend for the period.

Purchase, Sale or Redemption of Shares

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

Compliance with the Code of Best Practice

In the opinion of the Directors, since the date of listing of the Company on 28 August 2002, except that the independent non-executive directors of the Company are not appointed for specific terms and subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Articles of Association, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Stock Exchange.

Audit Committee

The Company's Audit Committee comprises two independent non-executive directors of the Company. The present Audit Committee members are Mr Peng Xue Jun and Mr Wang Zhengde.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed interim financial statements for the period.

On behalf of the Board

Shiu Shu Ming

Executive Director

Hong Kong

26 September 2002

CONDENSED INCOME STATEMENT*For the period from 7 February 2002 (date of incorporation) to 30 June 2002*

	From 7 February 2002 (date of incorporation) to 30 June 2002 (Unaudited)
<i>Note</i>	<i>HK\$</i>
Administrative expenses	<u>(20,670)</u>
Net loss for the period and accumulated loss at end of period	<u><u>(20,670)</u></u>
Interim dividend	<u><u>–</u></u>
Loss per share	<i>6</i>
Basic	<u><u>(20,670)</u></u>
Diluted	<u><u>N/A</u></u>

Other than the net loss for the period, the Company had no recognized gains or losses. Accordingly, a Statements of Recognised Gains and Losses is not presented in the financial statements.

CONDENSED BALANCE SHEET*As at 30 June 2002*

	<i>Note</i>	30 June 2002 (Unaudited) HK\$'000
Current assets		
Prepayments and other deposits		450,000
Cash and bank balance		<u>1</u>
		450,001
Current liabilities		
Accrued liabilities		20,670
Due to a shareholder		<u>450,000</u>
		<u>470,670</u>
Net assets		<u><u>(20,669)</u></u>
Representing:		
Share capital	7	1
Accumulated losses		<u>(20,670)</u>
Shareholders' deficit		<u><u>(20,669)</u></u>

CONDENSED CASH FLOW STATEMENT*For the period from 7 February 2002 (date of incorporation) to 30 June 2002*

	From 7 February 2002 (date of incorporation) to 30 June 2002 (Unaudited) <i>HK\$</i>
Net cash outflow from operating activities	<u>(450,000)</u>
Financing activities	
Advance from a shareholder	450,000
Issue of shares	<u>1</u>
Net cash inflow from financing activities	<u>450,001</u>
Cash and cash equivalent at end of period	<u><u>1</u></u>
Analysis of balances of cash and cash equivalents	
Cash and bank balance	<u><u>1</u></u>

NOTES TO CONDENSED FINANCIAL STATEMENTS

For the period from 7 February 2002 (date of incorporation) to 30 June 2002

1. BASIS OF PREPARATION

The condensed unaudited interim report are prepared in accordance with the Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (“Listing Rules”) with the exception that in the first year of implementation of the Standard, as permitted by the Listing Rules, no comparative figures have been presented for the condensed income statement and condensed cash flow statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

For the purpose of the cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into know amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance. For the purpose of balance sheet classification, cash and cash balance represents assets which are not restricted as to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

3. TURNOVER

The Company did not generate any turnover during the period.

4. TAXATION

No Hong Kong profits tax has been provided as the Company did not generate any assessable profits during the period.

No provision for deferred tax has been made as there were no significant timing differences at the balance sheet date.

5. INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the period under review.

6. LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss for the period of HK\$20,670 and on the weighted average of 1 share in issue during the period.

No diluted loss per share is presented for the period ended 30 June 2002 as there were no dilutive effects on the basic earnings per share for the period.

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

7. SHARE CAPITAL

30 June 2002
(Unaudited)
HK\$

Authorised:

39,000,000 shares of HK\$0.01 each

390,000

Issued and fully paid:

1 share of HK\$0.01 each

1

On incorporation, the authorized share capital of the Company was HK\$390,000 divided into 39,000,000 shares of HK\$0.01 each, and one subscriber share was issued at HK\$0.01 for cash.

8. POST BALANCE SHEET EVENTS

The following significant events occurred subsequent to the condensed balance sheet as at 30 June 2002:

- (1) On 18 July 2002, the authorised share capital of the Company was increased from HK\$390,000 to HK\$20,000,000 by the creation of an additional 1,961,000,000 shares of HK\$0.01 each. On the same date, 134,000,000 shares were allotted and issued to various shareholders at a subscription price of HK\$0.25 per share.
- (2) The Company had purchased 1 share held by one of the executive directors on 18 July 2002.
- (3) On 18 July 2002, the Company has entered into an investment management agreement (the "Agreement") with Hua Yu Investment Management Limited ("Hua Yu"). Pursuant to the Agreement, Hua Yu will act as the investment manager of the Company with an initial term of three years commencing from the date of listing of the Company's shares on the Stock Exchange. The Agreement will continue for successive periods of three years each unless terminated by either the Company or Hua Yu in accordance with the terms and condition of the Agreement.
- (4) On 28 August 2002, the Company was listed on the Stock Exchange following an initial public offer of 66,000,000 new shares at an issue price of HK\$0.25 per share. The net proceeds arising from the new issue, after deduction of related expenses, amounted to approximately HK\$12.5 million.

9. APPROVAL OF INTERIM FINANCIAL REPORT

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on 26 September 2002.