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德泰中華投資有限公司
SINO KATALYTICS INVESTMENT CORPORATION
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 02324)

**(I) PLACING OF NEW SHARES;
(II) PROPOSED SHARE CONSOLIDATION AND
CHANGE IN BOARD LOT SIZE
AND
(III) RESUMPTION OF TRADING**

Placing Agent



Guoyuan Securities Brokerage (Hong Kong) Limited

PLACING OF NEW SHARES

On 13 January 2009, the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Placing Shares. Pursuant to the Placing Agreement, the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, 184,850,000 Placing Shares at the Placing Price of HK\$0.045 per Placing Share.

The Placing Shares represent about 20.00% of the existing issued share capital of the Company of 924,259,090 Shares and about 16.67% of the issued share capital of the Company of 1,109,109,090 Shares as enlarged by the Placing.

The Placing Price represents (i) a discount of approximately 16.67% to the closing price of HK\$0.054 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of about 4.26% over the average closing price per Share of about HK\$0.047 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and (iii) a discount of about 82.53% to the unaudited net asset value per share of HK\$0.2576 as at 31 December 2008.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares and the Company obtaining all consents and approvals from the relevant authorities in respect of the transactions contemplated under the Placing Agreement, if applicable. Please refer to the section headed "Conditions

Precedent of the Placing Agreement” for details.

The net proceeds from the Placing will be approximately HK\$8 million. Depending on market conditions and availability of investment opportunities, the Board intends to apply the net proceeds for future potential investment and working capital.

PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Shares of HK\$0.02 each will be consolidated into one (1) Consolidated Share of HK\$0.10 each. An EGM will be held to consider among other things and, if thought fit, approve the relevant resolution(s) in respect of the Share Consolidation. The Board further proposes to change the board lot size for trading in Shares of the Company from 50,000 Shares to 10,000 Consolidated Shares upon the Share Consolidation becoming effective.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 10:42 a.m. on 13 January 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 16 January 2009.

(I) THE PLACING AGREEMENT DATED 13 JANUARY 2009

Parties

- (a) The Company; and
- (b) The Placing Agent

To the best of the Director’s knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and not connected persons of the Company.

The Placing

The Placing Agent has conditionally agreed with the Company to place the Placing Shares to not fewer than 6 Placees on a best-effort basis. The Company will issue a further announcement upon completion of the Placing to disclose the result of the Placing.

Placees

The Placees (and their respective ultimate beneficial owners) are not connected person(s) of the Company and are third parties independent of and not connected with the Company, connected persons of the Company and any of the directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates. No Placees will become

substantial shareholders (as defined in the Listing Rules) of the Company as a result of the Placing.

Placing Shares

The Placing Shares of 184,850,000 new Shares represent about 20.00% of the existing issued share capital of the Company of 924,259,090 Shares and about 16.67% of the issued share capital of the Company of 1,109,109,090 Shares as enlarged by the Placing.

The Placing Shares will rank, upon issue, pari passu in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price represents (i) a discount of approximately 16.67% to the closing price of HK\$0.054 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of about 4.26% over the average closing price per Share of about HK\$0.047 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and (iii) a discount of about 82.53% to the unaudited net asset value per share of HK\$0.2576 as at 31 December 2008.

The estimated expenses for the Placing are approximately HK\$400,000, comprising placing commission, and other professional fees and expenses. Assuming that all the Placing Shares could be successfully placed out, the net price to the Company of each Placing Share is approximately HK\$0.043 per Share.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent with reference to the recent trading price of the Shares. Given that the private equity investments in China is now more attractive due to their lower valuations, the Company found itself in an ideal position to seek for investments to generate higher return.

The Board also considers that the terms of the Placing Agreement to be fair and reasonable and in the interest of the Company and its Shareholders as a whole. Through the Placing, the Company can broaden its capital and shareholder basis without any interest burden.

Conditions Precedent of the Placing Agreement

The Placing is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares, the Company obtaining all consents and approvals from the relevant authorities in respect of the transactions contemplated under the Placing Agreement.

Completion of the Placing

Completion of the Placing Agreement is expected to take place on or before 16 February 2009.

Mandate to Issue the New Shares

The Placing Shares will be issued pursuant to the General Mandate which was granted in the AGM and under which a maximum of 184,851,818 Shares may be issued. As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate.

The Placing and the issue of Placing Shares are not subject to Shareholder's Approval.

Reason for the Placing and Use of Net Proceeds

The Company and its subsidiaries are principally engaged in investment in listed and unlisted companies mainly in Hong Kong and the PRC. The Directors consider that the Placing will increase the capital base of the Company for future investment purposes. Accordingly, the Directors consider that the Placing Agreement is in the interest of the Company and its shareholders as a whole.

The net proceeds from the Placing will be approximately HK\$8 million. Depending on market conditions and availability of investment opportunities, the Board intends to apply the net proceeds for future potential investment and working capital.

(II) THE SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Shares of HK\$0.02 each will be consolidated into one (1) Consolidated Share of HK\$0.10 each. Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of Share certificates held by such holder.

Reasons for the Share Consolidation

The Share price has been trading below the level of HK\$0.10 for most of the time since 2008, and it has been considered trading towards the extremities according to the Listing Rules. As a result, the Company proposes to proceed with the Share Consolidation in order to comply with the Listing Rules. Furthermore, the Share Consolidation will increase the nominal value of the Shares and reduce the total number of Shares in issue. Accordingly, the transaction and handling costs of the Company in relation to the dealing in the Consolidation Shares and the listing fees are expected to be reduced, which are beneficial to the Company.

Effects of the Share Consolidation

As at the date of this announcement, the authorized share capital of the Company amounts to HK\$100,000,000 divided into 5,000,000,000 Shares, of which 924,259,090 Shares have been allotted and issued as fully paid or credited as fully paid.

Assuming completion of the Placing, the number of Shares will be allotted and issued as fully paid or will be credited as fully paid will become 1,109,109,090 Shares.

Upon the Share Consolidation becoming effective, the authorized share capital of the Company shall become HK\$100,000,000 divided into 1,000,000,000 Consolidated Shares of which 221,821,818 Consolidated Shares will be in issue assuming completion of the Placing. The Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company's memorandum and articles of association.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

Conditions of the Share Consolidation

The Share Consolidation is conditional on:

- (i) the passing by the Shareholders of an ordinary resolution to approve the Share Consolidation at the EGM; and
- (ii) the Listing Committee granting the listing of, and the permission to deal in, the Consolidated Shares in issue.

Shareholders should note that the Share Consolidation is not conditional on the completion of the Placing.

Arrangement on odd lots trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lots arrangement will be stated in the circular to be despatched to the Shareholders which shall contain, inter alia, details of the Share Consolidation.

Change of board lot size

The Board also proposes to change the board lot size for trading in the Shares of the Company from 50,000 Shares to 10,000 Consolidated Shares upon the Share Consolidation becoming effective.

Exchange of Share certificates

Subject to the Share Consolidation becoming effective, which is expected to be at 9:30 a.m. on 11 February 2009, Shareholders may, from 11 February 2009 to 20 March 2009 (both days inclusive), submit Share certificates for existing Shares to the Company's branch registrar in Hong Kong (the "Branch Registrar"), Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, to exchange, at the expense of the Company, for certificates of the Consolidated Shares (on the basis of five (5) existing Shares for one (1) Consolidated Share). Thereafter, certificates of Shares will remain effective as documents of title but will be accepted for exchange only on payment of a fee of HK\$2.5 (or such higher amount as may from time to time be specified by the Stock Exchange) each by Shareholders to the Branch Registrar.

Expected timetable for the Share Consolidation and change of board lot size

Set out below is an indicative timetable for the implementation of the Share Consolidation. Shareholders are reminded that the timetable is indicative only and is subject to change. The Company will notify Shareholders on any change to the expected timetable as and when appropriate.

Event	Time/Day	Date
Despatch of the Circular and notice of EGM	Friday	23 January
Latest time for lodging form of proxy to the EGM	10:00 a.m. Sunday	8 February
EGM	10:00 a.m. Tuesday	10 February
Announcement of results of the EGM	Tuesday	10 February
Effective date for the Share Consolidation	Wednesday	11 February
Free exchange of existing certificates for new Share certificates commences	Wednesday	11 February
Original counter for trading in Shares in board lot of 50,000 Shares temporarily closes	9:30 a.m. Wednesday	11 February
Temporary counter for trading in the Consolidated Shares in board lot of 10,000 Consolidated Shares (in the form of existing Share certificates) opens	9:30 a.m. Wednesday	11 February

Original counter for trading in the Consolidated Shares in new board lot of 10,000 Consolidated Shares (in the form of new Share certificates) re-opens	9:30 a.m. Wednesday	25 February
Parallel trading in Consolidated Shares in the form of new Share certificates and existing Share certificates commences	9:30 a.m. Wednesday	25 February
Designated broker starts to stand in the market to provide matching of 10,000 Consolidated Shares (in the form of existing Share certificates)	Wednesday	25 February
Temporary counter for trading in the Consolidated Shares in board lot of 10,000 Consolidated Shares (in the form of existing Share certificates) closes	4:10 p.m. Tuesday	17 March
Parallel trading in Consolidated Shares in the form of new Share certificates and existing Share certificates closes	4:10 p.m. Tuesday	17 March
Designated broker ceases to stand in the market to provide matching services for odd lots of Consolidated Shares	4:10 p.m. Tuesday	17 March
Free exchange of existing Share certificates for new Share certificates ends	4:00 p.m. Friday	20 March

Note: All time and dates refer to Hong Kong local time and dates.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
29 January 2008	Placing of 205,000,000 new Shares	Approximately HK\$14 million	Intended to be used for general working capital and/or possible investment in the future	Approximately HK\$5.0 million has been used to invest in listed securities in Hong Kong; HK\$5.0 million in identified investment projects; and HK\$3.5 million for working capital
3 June 2008	Rights issue of 616,172,727 right shares on the basis of one right share for every two existing shares	Approximately HK\$30.8 million	Intended to raise additional funds for the Group's business development and general working capital	Approximately HK\$25.0 million for identified investment projects; and HK\$5.8 million for working capital

17 December 2008	Issue of Convertible Bond which can be converted to 180,000,000 fully-paid Shares	Approximately HK\$8 million	Intended to be fully utilized for the Group's business development and general working capital	Approximately HK\$6.0 million for identified investment projects; and HK\$2.0 million for working capital
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EFFECTS ON SHAREHOLDING STRUCTURE

Name of Shareholder	Existing (as at the date of this announcement)		Immediately after the Placing but before the Share Consolidation		Immediately after the Placing and the Share Consolidation	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Chui (<i>Note 1</i>)	226,275,000	24.48	226,275,000	20.40	45,255,000	20.40
Mr. Yau (<i>Note 2</i>)	108,575,000	11.75	108,575,000	9.79	21,715,000	9.79
Chan Yuen Tung	52,950,000	5.73	52,950,000	4.77	10,590,000	4.77
Mr. Chow	900,000	0.10	900,000	0.08	180,000	0.08
Placees (<i>Note 3</i>)	-	-	184,850,000	16.67	36,970,000	16.67
Other Public Shareholders	535,559,090	57.94	535,559,090	48.29	107,111,818	48.29
Total	924,259,090	100.00	1,109,109,090	100.00	221,821,818	100.00

Notes:

- (1) Mr. Chui, an executive director of the Company, was personally interested in 220,285,000 shares and deemed to be interested in 68,850,000 shares by virtue of his control in FLM Investment Limited.
- (2) Mr. Yau, an executive director of the Company, was personally interested in 108,575,000 shares and deemed to be interested in 101,325,000 shares by virtue of his control in Sellwell Enterprises Limited.
- (3) The Placees will be treated as public shareholders of the Company.

(III) SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 10:42 a.m. on 13 January 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 16 January 2009.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“AGM”	The annual general meeting of the Company held on 18 December 2008
“Board”	the board of Directors
“Company”	Sino Katalytics Investment Corporation, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange
“Connected Person(s)”	the meaning ascribed to it under the Listing Rules
“Consolidated Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	general meeting of the Company to be held on 10 February 2009 to approve the Share Consolidation
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	12 January 2009, being the last trading day immediately prior to the suspension of trading in the Shares pending the publication of this announcement
“Listing Committee”	The Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chow”	Mr. Chow Ka Wo, Alex, being a Shareholder and an executive Director of the Company
“Mr. Chui”	Mr. Chui Tak Keung, Duncan, being a Shareholder and an executive Director of the Company
“Mr. Yau”	Mr. Yau Chung Hong, being a Shareholder and an executive Director of the Company

“Placee(s)”	any professional, institutional or other investor(s) or person or entity procured by or on behalf of the Placing Agent or its agent(s) to purchase any of the Placing Shares
“Placing Agent”	Guoyuan Securities Brokerage (Hong Kong) Limited, a licensed corporation to carry on business in type 1 regulated activities (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 13 January 2009 between the Company and the Placing Agent in respect of the Placing
“Placing Price”	the placing price of HK\$0.045 per Share
“Placing Shares”	184,850,000 new Shares
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.02 each in the issued share capital of the Company
“Share Consolidation”	the proposed consolidation of every five (5) Shares into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
Chui Tak Keung, Duncan
Chairman

Hong Kong, 15 January 2009

As at the date of this announcement, the Board comprises executive directors Mr. Chui Tak Keung, Duncan (Chairman), Mr. Yau Chung Hong and Mr. Chow Ka Wo, Alex; non-executive director Mr. Ma Kwok Keung, Kenneth; and independent non-executive directors Mr. Lam Kwan, Mr. Chan Ming Sun, Jonathan and Mr. Shiu Siu Tao.