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SINO TECHNOLOGY INVESTMENTS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1217)

RIGHTS ISSUE IN THE PROPORTION OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE AT HK\$0.04 PER RIGHTS SHARE AND RESUMPTION OF TRADING

THE RIGHTS ISSUE

The Board is pleased to announce that the Company will raise not less than HK\$3,998,880 before expenses, by way of rights issue of not less than 99,972,000 Rights Shares (assuming no exercise of the subscription rights attaching to the outstanding Options before the Record Date) and not more than 109,572,000 Rights Shares (assuming full exercise of the subscription rights attaching to the outstanding Options, other than those held by Ms. Kung, before the Record Date) at the Subscription Price of HK\$0.04 each. The Company will provisionally allot one Rights Share in nil-paid form for every two Shares held by the Qualifying Shareholders on the Record Date. The Rights Issue is only available to the Qualifying Shareholders. In addition to the 800,000 Options granted to Ms. Kung, which Ms. Kung and Mr. Xiang have irrevocably undertaken on a joint and several basis to the Company that they will not and will not procure to exercise the subscription rights attaching thereto, there are 19,200,000 outstanding Options to subscribe for 19,200,000 Shares as at the date of this announcement. Assuming there is full exercise of the subscription rights attaching to the outstanding Options before the Record Date, other than those held by Ms. Kung, the total number of issued Shares will be increased to 219,144,000 Shares and the number of Rights Shares to be issued pursuant to the Rights Issue will be increased from 99,972,000 to 109,572,000 Rights Shares and the gross proceeds from the Rights Issue will be increased to HK\$4,382,880. Save for the Options granted under the Share Option Scheme, the Company has no other outstanding options, convertible securities or warrants which confer the right to subscribe for the Shares as at the date of this announcement. The Company intends to use the net proceeds from the Rights Issue for any future possible investments.

The aggregate number of Rights Shares to be issued pursuant to the terms of the Rights Issue represents 50.00% of the issued share capital of the Company as at the date of this announcement and approximately 33.33% of the enlarged issued share capital of the Company immediately following the completion of the Rights Issue.

As at the date of this announcement, the Principal Shareholders are together beneficially interested in an aggregate of 84,064,000 Shares, representing approximately 42.04% of the existing issued share capital of the Company, of which (i) 52,000,000 Shares (representing approximately 26.01% of the existing issued share capital of the Company) are beneficially owned by Mr. Lin; (ii) 26,000,000 Shares (representing approximately 13.00% of the existing issued share capital of the Company) are beneficially owned by Mr. Xiang and (iii) 6,064,000 Shares (representing approximately 3.03% of the existing issued share capital of the Company) are beneficially owned by Ms. Liu.

Each of the Principal Shareholders has undertaken, among others, (i) to accept or procure acceptance of all the Rights Shares which will be provisionally allotted to each of them and/or the names of the other persons as nominee(s); (ii) that the Shares beneficially owned by each of the Principal Shareholders will remain registered in the same name(s) as at the close of business on the Record Date; and (iii) to accept on or before 4:00 p.m. on the Final Acceptance Date, and to pay in full, such number of Rights Shares to be provisionally allotted to each of them or their respective nominee(s) pursuant to the Rights Issue.

As a further undertaking, Ms. Liu (as one of the Underwriters) has deposited the amount of HK\$2,000,000 as Escrow Fund with the Escrow Agent (as stakeholders) for subscribing for the Rights Shares to the extent of her underwriting commitment of 46,968,000 Rights Shares in accordance with the Underwriting Agreement and the 3,032,000 Rights Shares which will be provisionally allotted to her and/or her Nominees in respect of the 6,064,000 Shares registered in her and/or her Nominees' name(s) as at the date of this announcement. The Escrow Fund will be released by the Escrow Agent to the Registrar or such other person as the Company may direct subject to the terms set out in the escrow letter entered into among the Company, Ms. Liu and the Escrow Agent on 16 June 2006.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and must not be a Non-Qualifying Shareholder. Any transfers of Shares (with relevant share certificates) must be lodged for registration by 4:00 p.m. on 7 September 2006 with the Registrar. The register of members of the Company will be closed from 8 September 2006 to 13 September 2006, both dates inclusive. No transfer of Shares will be registered during this period. Existing Shares will be dealt in on an ex-rights basis from 6 September 2006.

The Prospectus containing, among others, further details of the proposed Rights Issue will be sent to the Shareholders on or about 13 September 2006.

The Company will despatch the Prospectus Documents to each of the Qualifying Shareholders and the Prospectus to each of the Non-Qualifying Shareholders (if any), for their information only, as soon as practicable.

WARNING OF THE RISKS OF DEALING

Dealings in the Rights Shares in nil-paid form are expected to take place from 15 September 2006 to 22 September 2006 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled on or before 4:00 p.m. on the second Business Day following the Final Acceptance Date (being 29 September 2006) (or such other time or date as may be agreed between the Company and the Underwriters), or the Underwriters terminate the Underwriting Agreement, the Rights Issue will not proceed. Any dealings in the Shares from now on and up to the date on which all such conditions to which the Rights Issue is subject are fulfilled, and any dealings in the nil-paid Rights Shares from 15 September to 22 September 2006 (both dates inclusive), should bear the risk that the Rights Issue may not become unconditional or may not proceed. If in any doubt, investors should consider obtaining professional advice.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 19 July 2006 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 24 August 2006.

RIGHTS ISSUE

Issue Statistics

Basis of Rights Issue:	one Rights Share for every two Shares held on the Record Date
Subscription Price:	HK\$0.04 per Rights Share
Number of Shares in issue:	199,944,000 Shares (or 219,144,000 Shares upon full exercise of the subscription rights attaching to the Options save for the Options granted to Ms. Kung)
Number of Rights Shares proposed to be issued:	Not less than 99,972,000 Rights Shares (assuming no exercise of the subscription rights attaching to the Options before the Record Date) and not more than 109,572,000 Rights Shares (assuming full exercise of the subscription rights attaching to the Options before the Record Date and save for the Options granted to Ms. Kung)
Number of Rights Shares undertaken to be taken up by the Principal Shareholders:	The Principal Shareholders have undertaken to take up in aggregate 42,032,000 Rights Shares which will be provisionally allotted to them pursuant to the Rights Issue. Save for Mr. Xiang, who was deemed to have interest in 800,000 Options (<i>note</i>), none of the Principal Shareholders hold any Options as at the date of this announcement.

Note: Ms. Kung was granted 800,000 Options as an advisor of the Company to subscribe for 800,000 shares under the Share Option Scheme. Mr. Xiang and Ms. Kung have irrevocably and unconditionally undertaken on a joint and several basis to the Company that they will not and will not procure to exercise the subscription rights attaching to the outstanding Options granted to Ms. Kung and to subscribe for 400,000 Rights Shares from 21 July 2006 until the completion of the Rights Issue.

Apart from Ms. Kung and Mr. Xiang who have irrevocably undertaken on a joint and several basis to the Company that they will not procure to exercise the subscription rights attaching to the 800,000 Options granted to Ms. Kung, there are 19,200,000 outstanding Options to subscribe for 19,200,000 Shares as at the date of this announcement. Assuming there is full exercise of the subscription rights

attaching to the outstanding Options before the Record Date, other than those held by Ms. Kung, the number of total issued Shares will be increased to 219,144,000 Shares and the number of Rights Shares to be issued pursuant to the Rights Issue will be increased from 99,972,000 to 109,572,000 Rights Shares.

The aggregate number of the Rights Shares to be issued pursuant to the terms of the Rights Issue represents 50.00% of the issued share capital of the Company as at the date of this announcement and approximately 33.33% of the enlarged issued share capital of the Company immediately following the completion of the Rights Issue.

Save for the Options granted under the Share Option Scheme, the Company has no other outstanding options, convertible securities or warrants which confer the right to subscribe for the Shares.

Qualifying Shareholders

The Company will send (i) the Prospectus Documents to the Qualifying Shareholders only; and (ii) the Prospectus, for information only, to the Non-Qualifying Shareholders.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must not be a Non-Qualifying Shareholder. For the holders of the Options who wish to participate in the Rights Issue, he/she must (i) exercise his/her respective subscription rights in accordance with the relevant procedures specified in the rules of the Share Option Scheme (as regards the holders of the Options) on or before 4:00 p.m. on 7 September 2006; (ii) registered as the holders of the Shares allotted pursuant to the exercise of the subscription rights on the Record Date and (iii) not being a Non-Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificate(s)) with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at 311-312 Two Exchange Square, Central, Hong Kong, for registration not later than 4:00 p.m. on 7 September 2006.

Closure of register of members

The register of members of the Company will be closed from 8 September 2006 to 13 September 2006, both dates inclusive, for determination of entitlements under the Rights Issue. No transfers of Shares will be registered during this period.

TERMS OF THE RIGHTS ISSUE

Subscription price

HK\$0.04 per Rights Share, payable in full when a Qualifying Shareholder accepts his/her/its relevant provisional allotments of the Rights Issue or applies for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for Right Shares.

The Subscription Price represents (i) a discount of 50.0% to the closing price of HK\$0.08 per Share quoted on the Stock Exchange on 18 July 2006 (being the Last Trading Day); (ii) a discount of approximately 40.03% to the theoretical ex-rights price of HK\$0.067 per Share based on that closing price per Share; (iii) a discount of approximately 50.0% to the average closing price of HK\$0.08 per Share for the last five and ten trading days up to and including the Last Trading Day; and (iv) a discount of approximately 71.43% of the net asset value per Share of HK\$0.14 as at 31 December 2005 (based on the latest published audited financial statements of the Group and 199,944,000 Shares as at 31 December 2005).

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriters with reference to (a) the current and historical market prices of the Shares and recent market conditions and (b) the low liquidity of the Shares in the market. In order to enhance the attractiveness of the Rights Issue to the Qualifying Shareholders, it is common that the subscription prices of rights issues represent discounts to the market prices of the relevant shares. Having considered that the discounts of the subscription price of the recent rights issues exercises by other listed issuers, the Directors consider that the discount on the Subscription Price to the current market price of the Shares as proposed is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company on the Record Date. The Directors consider the terms of the Rights Issue, including the Subscription Price are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotments

One Rights Share for every two Shares held by a Qualifying Shareholder on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment can be made only by completing the corresponding PAL and lodging the same with a remittance for the Rights Shares being applied for.

Status of the Rights Shares

When fully paid, issued and allotted, the fully-paid Rights Shares will rank *pari passu* in all respects with the then existing Shares in issue as to all future dividends and distributions which are declared, made or paid after the date of the allotment and issue of the Rights Shares.

Rights of Non-Qualifying Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than Hong Kong.

According to the Company's latest register of members, there are 2 Shareholders whose registered addresses as shown in the register of members of the Company are in the British Virgin Islands and the People's Republic of China with an aggregate shareholding percentage of approximately 27.52%. The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders. If, after making such enquiries, the Directors are of the opinion that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders having regard to the legal restrictions under the laws of the relevant jurisdictions outside Hong Kong or the requirements of the relevant regulatory body or stock exchange in those jurisdictions, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to these Overseas Shareholders. Accordingly, the Rights Shares will not be offered to the Non-Qualifying Shareholders. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but will not send PALs and EAFs to them.

The Company will make arrangements for the Rights Shares, which would otherwise have not been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealing in the nil-paid Rights Shares commences, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be distributed by the Company in Hong Kong dollars to the Non-Qualifying Shareholders on a pro rata basis (but rounded down to the nearest cent) to their respective shareholdings on the Record Date, except that individual amounts of less than HK\$100 will not be so distributed but will be retained for the benefit of the Company. Any unsold entitlements of the Non-Qualifying Shareholders will be made available for excess application on EAFs by the Qualifying Shareholders.

Fractional Entitlement to the Rights Shares

Rights Shares representing the aggregate of fractions of the Rights Shares (rounded down to the nearest whole number) will be provisionally allotted to a nominee appointed by the Company and, if a premium (net of expenses) can be obtained, will be sold by the Company or its appointed nominee and the net proceeds of sale will be retained by the Company for its own benefit. Any unsold fractions of the Rights Shares will be available for excess application by the Qualifying Shareholders.

Application for excess Rights Shares

Qualifying Shareholders may apply for any unsold entitlements of the Non-Qualifying Shareholders, any unsold fractions of Rights Shares and any Rights Shares provisionally allotted but not accepted, by way of excess application.

Application for excess Rights Shares is made by completing and lodging the EAF together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for. The Directors will allocate the excess Rights Shares on a fair and equitable basis, but will give preference to topping-up odd lots to whole board lots. Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to the ultimate beneficial owners individually. Shareholders are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) to increase their chances of allotment of the excess Rights Shares prior to the Record Date.

Should Shareholders whose Shares are held by their nominee(s) and would like to have their names registered on the register of members of the Company, he/she/it must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:00 p.m. on 7 September 2006.

The latest time and date for acceptance of Rights Shares is expected to be at 4:00 p.m. on 27 September 2006, or such later date as may be agreed between the Company and the Underwriters.

Share certificates and refund cheques for Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto at their own risk on or before 3 October 2006. Refund cheques in respect of wholly or partially unsuccessfully applications for excess Rights Shares are also expected to be posted on or before 3 October 2006 by ordinary post to the applicants at their own risk.

Application for listing

The Shares are trading on the Stock Exchange in board lots of 8,000 Shares. The Rights Shares in both in their nil-paid and fully-paid forms are expected to be traded in board lots of 8,000.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, Securities and Futures Commission transaction levy and other applicable fees and charges in Hong Kong.

UNDERTAKINGS BY THE PRINCIPAL SHAREHOLDERS

As at the date of this announcement, the Principal Shareholders are together beneficially interested in an aggregate of 84,064,000 Shares, representing approximately 42.04% of the existing issued share capital of the Company, of which (i) 52,000,000 Shares (representing approximately 26.01% of the existing issued share capital of the Company) are beneficially owned by Mr. Lin; (ii) 26,000,000 Shares (representing approximately 13.00% of the existing issued share capital of the Company) are beneficially owned by Mr. Xiang and (iii) 6,064,000 Shares (representing approximately 3.03% of the existing issued share capital of the Company) are beneficially owned by Ms. Liu.

Each of the Principal Shareholders has undertaken, among others, (i) to accept or procure acceptance of all the Rights Shares which will be provisionally allotted to each of them and/or the names of the other persons as nominee(s); (ii) that the Shares beneficially owned by each of the Principal Shareholders will remain registered in the same name(s) as at the close of business on the Record Date; and (iii) to accept on or before 4:00 p.m. on the Final Acceptance Date, and to pay in full, such number of Rights Shares to be provisionally allotted to each of them or their respective nominee(s) pursuant to the Rights Issue.

Ms. Kung, the spouse of Mr. Xiang, was granted 800,000 Options as an advisor of the Company to subscribe for 800,000 Shares under the Share Option Scheme. Mr. Xiang and Ms. Kung have irrevocably and unconditionally undertaken on a joint and several basis to the Company that they will not and will not procure to exercise the subscription rights attaching to the outstanding Options granted to Ms. Kung to subscribe for 400,000 Rights Shares from 21 July 2006 until the completion of the Rights Issue.

As a further undertaking, Ms. Liu (as one of the Underwriters) has deposited the amount of HK\$2,000,000 as Escrow Fund with the Escrow Agent (as stakeholders) for subscribing the Rights Shares to the extent of her underwriting commitment of 46,968,000 Rights Shares in accordance with the Underwriting Agreement and the 3,032,000 Rights Shares which will be provisionally allotted to her and/or her Nominees in respect of the 6,064,000 Shares registered in her and/or her Nominees' name as at the date of this announcement. The Escrow Fund will be released by the Escrow Agent to the Registrar or such other person as the Company may direct subject to the terms set out in the escrow letter entered into among the Company, Ms. Liu and the Escrow Agent on 16 June 2006.

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon, among other things, each of the following events happening:

- (i) the resolution of the Board approving and implementing the Rights Issue and the entering into the Underwriting Agreement and the transactions contemplated therein;
- (ii) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of the Prospectus Documents duly certified by two Directors (or by their agents duly authorized in writing) as having been approved by resolution of the Board (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders (other than the Non-Qualifying Shareholders) on the Prospectus Posting Date;
- (iv) if so required, the Cayman Islands Monetary Authority approving the issue and allotment of the Rights Shares;
- (v) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment), and not having revoked, the listings of, and permission to deal in, the Rights Shares in their nil-paid form and fully-paid form not later than 15 September 2006, being the expected date of commencement of dealings in the Rights Shares in nil-paid form (or such other date as may be agreed between the Company and the Underwriters); and
- (vi) compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement.

If the conditions to which the Rights Issue is subject are not fulfilled or waived jointly by the Company and the Underwriters on or before 4:00 p.m. on the second Business Day following the Final Acceptance Date (being 29 September 2006) (or such other time or dates as may be agreed between the Company and the Underwriters) or if the Underwriting Agreement is terminated, all obligations and liabilities of the parties under the Underwriting Agreement will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches arising out of or in connection with the Underwriting Agreement) save that the Company will remain liable to pay the Underwriters an underwriting commission as specified in the Underwriting Agreement. As the Rights Issue is subject to the above conditions, it may or may not proceed accordingly.

Further details as regards the Rights Issue will be contained in the Prospectus which is expected to be despatched to the Shareholders on or about 13 September 2006.

UNDERWRITING ARRANGEMENTS

Underwriting Agreement

Date:	18 July 2006 (as supplemented by the letter dated 22 August 2006 entered into by the same parties amending certain definitions and the expected timetable of the Rights Issue)
Underwriters:	Ms. Liu, a Shareholder who owns 6,064,000 Shares (representing approximately 3.03% of the existing issued share capital of the Company) as at the date of this announcement. Ms. Liu does not underwrite securities in her normal course of business
	Baron Capital, an Independent Third Party

To the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Underwriters and their respective ultimate beneficial owners are Independent Third Parties.

The Underwriters have agreed to fully underwrite not less than 57,940,000 Rights Shares and not more than 67,540,000 Rights Shares (being not less than 99,972,000 Rights Shares less the 42,032,000 Rights Shares to be issued to and allotted to the Principal Shareholders who have undertaken to accept or procure acceptance of the Rights Shares provisionally allotted to him/her or his/her nominees (assuming no exercise of the subscription rights attaching to the Options) and not more than 109,572,000 Rights Shares less the 42,032,000 Rights Shares to be issued to and allotted to the Principal Shareholders (assuming full exercise of the subscription rights attaching to the Options (save for the Options granted to Ms. Kung)). Amongst the underwritten Shares, Ms. Liu will underwrite up to 46,968,000 Rights Shares (representing approximately 15.66% of the issued share capital of the Company as enlarged by the Rights Issue) and assuming full exercise of the subscription rights attaching to the Options (save for the Options granted to Ms. Kung), Baron Capital will underwrite up to 20,572,000 Rights Shares (representing approximately 6.86% of the issued share capital of the Company as enlarged by the Rights Issue) in accordance with the Underwriting Agreement.

In the event that there are untaken Rights Shares, Ms. Liu will be obliged to first subscribe or procure subscribers for such number of untaken Rights Shares up to her underwriting commitment of 46,968,000 Rights Shares and Baron Capital will subscribe or procure subscribers for the remaining balance of the untaken Rights Shares not taken by Ms. Liu.

Commission

The Company will pay to each of the Underwriters an underwriting commission of 3.0% of the Subscription Price on the underwritten shares underwritten by each of them. The Directors believe that the underwriting commission is on normal commercial terms and accords with market rates.

Termination of the Underwriting Agreement

The Underwriters reserve the right to terminate the arrangements set out in the Underwriting Agreement by notice in writing to the Company on the occurrence of certain events including the force majeure due to which the success of the Rights Issue would be materially and adversely affected at any time prior to 4:00 p.m. on the second Business Day following the Final Acceptance Date upon due consultation with the Company. Force majeure includes the following:

- (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of similar nature which may in the reasonable opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence, happening, coming into effect, change or becoming public knowledge of any event or circumstances of a local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market which may in the reasonable opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or may materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) any material adverse change in market conditions (including without limitation suspension or material restriction or trading in securities on the Stock Exchange) which in the reasonable opinion of the Underwriters is likely to materially and adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (d) any change in the circumstances of the Company or any member of the Group which is in the reasonable opinion of the Underwriters will materially and adversely affect the prospects of the Company.

Upon the giving of notice of termination, all obligations of the Underwriters under the Underwriting Agreement shall cease and determine and no party shall have any claim against other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, provided that the Company shall remain liable to pay each of the Underwriters the underwriting commissions as specified under the Underwriting Agreement and any fees and charges payable to the professional parties in relation to the Rights Issue. If the Underwriters exercise such right, the Rights Issue will not proceed.

SHAREHOLDING STRUCTURE BEFORE AND AFTER COMPLETION OF THE RIGHTS ISSUE

Assuming that (i) the Rights Issue proceeds and is completed and (ii) the Principal Shareholders have taken up their respective entitlements under the Rights Issue in full, the shareholding structure of the Company and the interests of the Principal Shareholders in the issued share capital of the Company before and after completion of the Rights Issue will be as follows:

A. Scenario 1 (assuming that no further Shares will be issued prior to the Record Date)

Shareholders	Number of Shares as at the Record Date	% of shareholding before the Rights Issue	Assuming that (i) none of the Shareholders other than the Principal Shareholders have taken up their entitlements in full and (ii) the Underwriters are allotted the untaken Rights Shares in accordance with the Underwriting Agreement		Number of Shares	% of shareholding after the Rights Issue
			Assuming that all Shareholders have taken up their entitlements in full	Number of Shares	beneficially owned after completion of the Rights Issue	% of shareholding after the Rights Issue
Skyline Horizon Limited (Note 1)	56,000,000	28.01%	84,000,000	28.01%	56,000,000	18.67%
AP Wireless Net Inc. (Note 2)	52,000,000	26.01%	78,000,000	26.01%	78,000,000	26.01%
Harvest Rise Investments Limited (Note 3)	26,000,000	13.00%	39,000,000	13.00%	39,000,000	13.00%
Ms. Liu	6,064,000	3.03%	9,096,000	3.03%	56,064,000	18.69%
Baron Capital	–	–	–	–	10,972,000	3.66%
Sub-total	140,064,000	70.05%	210,096,000	70.05%	240,036,000	80.03%
Public	59,880,000	29.95%	89,820,000	29.95%	59,880,000	19.97%
Total	199,944,000	100.00%	299,916,000	100.00%	299,916,000	100.00%

B. Scenario 2 (assuming that all Options (save for the Options granted to Ms. Kung) are exercised and Shares are issued pursuant thereto prior to the Record Date)

Shareholders	Number of Shares as at the Record Date	% of shareholding before the Rights Issue	Assuming that all Shareholders have taken up their entitlements in full		Number of Shares	% of shareholding after the Rights Issue
			Assuming that all Shareholders have taken up their entitlements in full	Number of Shares	beneficially owned after completion of the Rights Issue	% of shareholding after the Rights Issue
Skyline Horizon Limited (Note 1)	56,000,000	25.55%	84,000,000	25.55%	56,000,000	17.04%
AP Wireless Net Inc. (Note 2)	52,000,000	23.73%	78,000,000	23.73%	78,000,000	23.73%
Harvest Rise Investments Limited (Note 3)	26,000,000	11.86%	39,000,000	11.86%	39,000,000	11.86%
Ms. Liu	6,064,000	2.77%	9,096,000	2.77%	56,064,000	17.06%
Baron Capital	–	–	–	–	20,572,000	6.26%
Other Directors and advisors of the Company (Note 4 and Note 5)	19,200,000	8.76%	28,800,000	8.76%	19,200,000	5.84%
Sub-total	159,264,000	72.68%	238,896,000	72.68%	268,836,000	81.78%
Public (Note 6)	59,880,000	27.32%	89,820,000	27.32%	59,880,000	18.22%
Total	219,144,000	100.00%	328,716,000	100.00%	328,716,000	100.00%

- Notes:
- Skyline Horizon Limited is a private company wholly and beneficially owned by Mr. Yap Shun Chung, a non-executive Director.
 - AP Wireless Net Inc. is a private company wholly and beneficially owned by Mr. Lin, an executive Director.
 - Harvest Rise Investments Limited is a private company wholly and beneficially owned by Mr. Xiang, an executive Director.
 - Ms. Kung, the spouse of Mr. Xiang, was granted 800,000 Options as an advisor of the Company to subscribe for 800,000 Shares under the Share Option Scheme. Mr. Xiang and Ms. Kung have irrevocably and unconditionally undertaken on a joint and several basis to the Company that they will not and will not procure to exercise the subscription rights attaching to the outstanding Options granted to Ms. Kung to subscribe for 400,000 Rights Shares from 21 July 2006 until the completion of the Rights Issue.
 - Such interests represent the Options granted to Mr. David Wang Xin and Mr. Ng Kwong Chue Paul (both being the Directors) and the advisors of the Company. As at the date of this announcement, Mr. David Wang Xin and Mr. Ng Kwong Chue Paul beneficially hold 400,000 and 1,000,000 Options respectively. The aggregate amount of 17,800,000 Options are granted to the advisors of the Company. Assuming all of their outstanding Options are exercised before the Record Date, 19,200,000 Shares will be issued.
 - The Company is an investment company under Chapter 21 of the Listing Rules. In accordance with Rule 21.04 of the Listing Rules, the minimum 25% public float requirement under Rule 8.08(1) is not applicable.

WARNING OF THE RISKS OF DEALING

Existing Shares are expected to be dealt in on an ex-rights basis from 6 September 2006. Dealing in the Rights Shares in nil-paid form are expected to take place from 15 September 2006 to 22 September 2006 (both dates inclusive). If the conditions of the Rights Issue (see the section headed “Conditions of the Rights Issue” above) are not fulfilled on or before 4:00 p.m. on the second Business Day following the Final Acceptance Date (being 29 September 2006) (or such other time or dates as may be agreed between the Company and the Underwriters), or the Underwriters terminate the Underwriting Agreement, the Rights Issue will not proceed

Any dealings in the Shares from now on and up to the date on which all such conditions to which the Rights Issue is subject are fulfilled, and any dealings in the nil-paid Rights Shares from 15 September to 22 September 2006 (both dates inclusive), should bear the risk that the Rights Issue may not become unconditional or may not proceed.

If in any doubt, investors should consider obtaining professional advice.

REASONS FOR THE RIGHTS ISSUE AND USE OF THE PROCEEDS

The Company is an investment company under Chapter 21 of the Listing Rules. Its principal investment objective is to achieve medium-term capital appreciation by investing in listed and unlisted companies mainly in Hong Kong and PRC.

In view of the continuous economic improvement in Hong Kong and PRC, the Directors consider that it is in the interests of the Company and the Shareholders to raise additional finance through the issue of additional equity, to enlarge the Company’s capital base and strengthen the financial position of the Company so as to facilitate the Company’s plans to further expand organically and by acquisition. Furthermore, the Directors consider that as the economy of Hong Kong and PRC is picking up, more investment opportunities can be identified in the near future. The Directors consider that the Rights Issue provides the Group with sufficient flexibility and financial resources for making such investments and it is in the interests of the Company and its Shareholders as a whole to raise capital by way of the Rights Issue which will allow all Shareholders to participate in the growth and future development of the Company on equal terms.

In addition, the Board has been actively seeking suitable investment opportunities to diversify its investment portfolio. In view of the improvement in the economy and stock market sentiment in Hong Kong, the Directors consider that it is in the interests of the Company to effect the fund raising exercise by way of the Rights Issue as this is a preferred source of funding to enhance the financial position of the Group, allowing the Shareholders to participate in the Rights Issue in proportion to their shareholdings and in the business growth of the Group.

The Company did not engage in any fund raising exercise during the 12 months immediately preceding the date of this announcement.

Based on 99,972,000 Rights Shares (assuming no exercise of the subscription rights attaching to the Options) and 109,572,000 Rights Shares (assuming full exercise of the subscription rights attaching to the Options save for the Options granted to Ms. Kung) to be issued, the gross proceeds (before expenses) from the Rights Issue are currently expected to be approximately HK\$4.0 million and HK\$4.4 million respectively. The net proceeds from the Rights Issue are currently expected to be between approximately HK\$3.6 million and HK\$4.0 million which will be used for any future possible investments.

TIMETABLE OF THE RIGHTS ISSUE

The expected timetable for the Rights Issue is set out below:

	2006
Last day of dealings in Shares on a cum-rights basis	5 September
First day of dealings in Shares on an ex-rights basis	6 September
Latest time for lodging transfers of Shares in order to qualify for the Rights Issue	4:00 p.m. on 7 September
Book closure period (both dates inclusive)	8 September to 13 September
Record Date	13 September
Prospectus Documents expected to be despatched on	13 September
First day of dealings in nil-paid Rights Shares	15 September
Latest time for splitting nil-paid Rights Shares	4:00 p.m. on 19 September
Last day of dealings in nil-paid Rights Shares	22 September
Latest time for acceptance of and payment for Rights Shares and for application and payment for excess Rights Shares	4:00 p.m. on 27 September
Rights Issue expected to become unconditional	after 4:00 p.m. on 29 September
Announcement of results of acceptance and excess applications of the Rights Issue appears on newspapers	3 October
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be despatched on or before	3 October
Despatch of certificates for fully-paid Rights Shares expected to be on or before	3 October
First day of dealings in fully-paid Rights Shares expected to commence on or before	5 October

All times above refer to Hong Kong times.

Dates specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by the Company. Any changes to the expected timetable for the Rights Issue will be announced as appropriate.

ADJUSTMENT TO OPTIONS GRANTED BY THE COMPANY

Save for Mr. Xiang and his spouse, Ms. Kung, who have irrevocably undertaken on a joint and several basis to the Company that they will not and will not procure to exercise the subscription rights attaching to the 800,000 Options granted to Ms. Kung, there are 19,200,000 outstanding Options to subscribe for 19,200,000 Shares as at the date of this announcement.

The Rights Issue will cause adjustments to the subscription price and/or the number of Shares to be issued under the outstanding Options. The Company will appoint its auditors to review and certify the basis of such adjustments pursuant to the Share Option Scheme. The adjustments to the Options shall be made pursuant to the Share Option Scheme and in compliance with the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005. The Company will publish a separate announcement regarding the adjustments of the share options and inform the holders of the Options of such adjustments accordingly by written notice to each of the holders as soon as practicable.

TRADING LIMITS

The Directors note that the current market price of the Shares is approaching the extremity of share as set out in Rule 13.64 of the Listing Rules. The Directors are also aware that a listed issuer is required to either change the trading method or to proceed with a consolidation of its shares in such event. It is anticipated that the price of the Shares will, as a result of the Rights Issue, further reduce and approach the extremity of HK\$0.01 per Share. The Directors will consider conducting a consolidation exercise if the price of the Shares continues to trade near to such extremity and further announcement will be made by the Company in this regard as and when necessary.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 19 July 2006 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 24 August 2006.

GENERAL

The Company will despatch the Prospectus Documents to each of the Qualifying Shareholders and the Prospectus to each of the Non-Qualifying Shareholders (if any), for their information only, on or before 13 September 2006.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Baron Capital”	Baron Capital Limited, a licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined in the SFO, the financial adviser to the Company in relation to the Rights Issue and one of the Underwriters of the Rights Issue
“Board”	the board of Directors
“Business Day”	a day, other than a Saturday, on which banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Sino Technology Investments Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“connected person(s)”	shall have the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for excess Rights Shares
“Escrow Agent”	Ping An Securities Limited, a licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined in the SFO
“Escrow Fund”	the amount of HK\$2,000,000 deposited with the Escrow Agent by Ms. Liu for subscribing for the Rights Shares to the extent of her underwriting commitment of 46,968,000 Rights Shares in accordance with the Underwriting Agreement and the 3,032,000 Rights Shares which will be provisionally allotted to her and/or her Nominees in respect of the 6,064,000 Shares registered in her and/or her Nominees’ name as at the date of this announcement

“Final Acceptance Date”	27 September 2006 or such other date as may be agreed between the Company and the Underwriters, being the latest date for acceptance of and payment for the Rights Shares
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Independent Third Party(ies)”	person(s) which is/are third party(ies) independent of the Company and independent of the connected person(s) of the Company
“Last Trading Day”	18 July 2006, being the last trading day prior to the date of this announcement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lin”	Mr. Lin Zhiqun Brett, an executive Director and a Shareholder
“Mr. Xiang”	Mr. Xiang Xin, an executive Director and a Shareholder
“Ms. Kung”	Ms. Kung Ching, the spouse of Mr. Xiang
“Ms. Liu”	Ms. Liu Yanhua, a Shareholder and one of the Underwriters under the Underwriting Agreement and who is beneficially interested in approximately 3.03% of the existing issued share capital of the Company as at the date of this announcement
“Nominees”	the names of the other persons/parties as designated by each of the Principal Shareholders
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors consider it is necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account of either restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that jurisdictions
“Option(s)”	the share option(s) granted under the Share Option Scheme
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“PRC”	The People’s Republic of China
“Principal Shareholders”	Mr. Lin, Mr. Xiang and Ms. Liu who are beneficially interested in approximately 26.01%, 13.00% and 3.03% of the existing issued share capital of the Company respectively
“Prospectus”	a prospectus containing details of the Rights Issue to be issued in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Prospectus Posting Date”	13 September 2006 or such other date as may be agreed between the Company and the Underwriters
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date other than the Non-Qualifying Shareholders
“Record Date”	13 September 2006 or such other date as the Company and the Underwriters may agree, the record date by which entitlements to the Rights Issue are expected to be determined
“Registrar”	Union Registrars Limited
“Rights Issue”	the issue by way of rights of one Rights Share for every two Shares held on the Record Date at the Subscription Price
“Rights Share(s)”	not less than 99,972,000 new Shares (assuming that no Options are exercised before the Record Date) and not more than 109,572,000 new Shares (assuming that all Options are exercised before the Record Date save for the 800,000 Options granted to Ms. Kung) to be issued by the Company pursuant to the Rights Issue
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the share option scheme of the Company adopted on 18 July 2002
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.04 per Rights Share
“Underwriters”	Ms. Liu and Baron Capital
“Underwriting Agreement”	the underwriting agreement dated 18 July 2006 entered into between the Company and the Underwriters in relation to the Rights Issue (as supplemented by the letter dated 22 August 2006 entered into by the same parties amending certain definitions and the expected timetable of the Rights Issue)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board
Xiang Xin
Director

Hong Kong, 23 August 2006

As at the date of this announcement, the executive Directors of the Company are Mr. Xiang Xin, Mr. Chan Cheong Yee, Mr. Kwok Chi Hung, Mr. Ng Tin Sang and Mr. Lin Zhiqun Brett; the non-executive Directors are Mr. Wang Qing Yu (Chairman), Mr. Ng Kwong Chue, Paul and Mr. Yap Shun Chung; and the independent non-executive Directors are Mr. David Wang Xin, Mr. Zang Hong Liang and Mr. Wong Wang Tai.