



SINO TECHNOLOGY INVESTMENTS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1217)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2005

INTERIM RESULTS

The Board of Directors (the “Board”) of Sino Technology Investments Company Limited (the “Company”) is pleased to announce the unaudited condensed results of the Company for the six months ended 30 June 2005.

The Company recorded total revenues of approximately HK\$6,860,000 for the six months ended 30 June 2005 as compared to a negative amount of approximately HK\$0.1 million for the corresponding period in 2004. Total revenues mainly include realised and unrealised gain on investments of approximately HK\$6,850,000 while in 2004, it was realised and unrealised loss of approximately HK\$100,000. Profit attributable to shareholders for the period amounted to HK\$1,291,215, demonstrating an improvement from the loss of HK\$781,113 recorded in the corresponding period last year. The improvement was due to the gain on disposal of the right shares of a listed company.

The Board has resolved not to declare any dividend (six months ended 30 June 2004: nil) for the period under review.

BUSINESS REVIEW

For the period under review, the Company continued to hold investments in two unlisted companies and two unlisted convertible loan notes.

Investment Portfolios

For the period under review, the Company continues to hold the following investments:

Jinan LuGu (HK) Technology Development Limited (“Jinan LuGu”) is incorporated in Hong Kong and principally engaged in research and development as well as the sales of biopharmaceutical products, biomaterials and bio-skincare products. The Company holds 125 ordinary shares in Jinan LuGu, representing 25% interest in the issued share capital of Jinan LuGu.

SNG Hong Kong Limited (“SNG”) is incorporated in Hong Kong and principally engaged in the distribution of internet games and delivering game information through various sources such as internet, magazines, etc. The Company holds 3,750 ordinary shares in SNG, representing 30% interest in the issued share capital of SNG. During the period, the directors have carried out a review on the value of the investment in SNG and considered that an impairment loss of HK\$4,500,000 in the value of the investment should be recognised.

King Tiger Technology Company Limited (“King Tiger”) is incorporated in Taiwan and principally engaged in investment holding. It indirectly holds 49% interest in 安徽精通科技有限公司 (「安徽精通」). 安徽精通 is registered in the PRC as foreign investment enterprises by equity joint venture and principally engaged in the manufacturing of solder ball by the Ball Grid Array technology. The Company holds a convertible loan note issued by King Tiger with face value of USD1,144,000 maturing on 15 January 2006 with an interest rate of 6.5% per annum. Upon maturity of the convertible loan note, the Company has the right to convert the outstanding principal amount of the loan note together with the accrued interest, if any, into shares, directly or indirectly, in 安徽精通.

China Ibonline Holding Co., Ltd. (“China Ibonline”) is incorporated in the British Virgin Islands and principally engaged in investment holding. Through its current shareholders, China Ibonline currently holds 80% of 深圳市創銳實業有限公司 (「深圳市創銳」) which is incorporated in the PRC. China Ibonline had agreed to effect a restructure process for acquiring 100% 深圳市創銳 as its wholly owned subsidiary. Up to the date of this announcement, no information regarding the restructure process is available. 深圳市創銳 is principally engaged in the installation and adjusting of wiring for build-in internet service for buildings. The Company holds a convertible loan note issued by China Ibonline with face value of HK\$8,500,000 maturing on 3 August 2006 with an interest rate of 2.5% per annum. Upon maturity of the convertible note, the Company has the right to convert the outstanding principal amount of the loan note into shares in China Ibonline representing an equity interest of 25% of the then issued share capital of China Ibonline. Up to the date of this announcement, China Ibonline had defaulted on the payment of interest since 31 December 2003. Further, the Company discovered that China Ibonline and 深圳市創銳 had silently moved out from their office and the Company was unable to obtain latest financial information relating to China Ibonline and 深圳市創銳. In light of the above, the Company has made full provision in the last financial year against this investment for the sake of prudence.

PROSPECTS

The Company will continue to explore investment opportunities.

LIQUIDITY AND FINANCIAL POSITION

As at 30 June 2005, the Company had cash and bank balances of approximately HK\$13,972,000. All the cash and bank balances were mainly placed as short term deposits in Hong Kong dollars with banks in Hong Kong.

For the period under review, the Company financed its operations with its own available funding and did not have any banking facilities. In this regard, the Company had a net cash position and its gearing ratio is zero (net debt to shareholders’ funds) as at 30 June 2005. Taking into consideration the existing financial resources to the Company, it is anticipated that the Company should have adequate financial resources to meet its ongoing operating and development requirements.

FOREIGN CURRENCY FLUCTUATION

The Company mainly operates its business transactions in Hong Kong dollars and thus is not exposed to foreign currency risk. No hedging or other alternatives have been implemented.

CHARGE ON COMPANY ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2005, the Company has not pledged its assets and the Company did not have significant contingent liabilities.

EMPLOYEE INFORMATION

The Company does not have any employee other than the Directors.

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

During the period, the Company had not purchased, sold or redeemed any of its listed securities.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Code of Best Practice has been replaced by Code on Corporate Governance Practices (“CG Code”). The Company will continue the process of reviewing its corporate governance practices and implementing new and applicable measure under the CG Code.

Model Code on Securities Transactions by Directors

The Company has adopted the model code on securities transactions by directors set out in Appendix 10 of the Main Board Listing Rules as its own code of conduct regarding Directors’ securities transactions. The Company confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code during the period.

Audit Committee

The Company has established an audit committee with written terms of reference which deal clearly with its authority and duties. The audit committee comprises three Independent Non-executive Directors of the Company, namely Mr David Wang Xin, Mr Zang Hong Liang and Mr Wong Wang Tai.

The principal duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Company.

The audit committee has already reviewed the Company’s unaudited results for the six months ended 30 June 2005.

By Order of the Board
Xiang Xin
Executive Director

Hong Kong, 22 September 2005

CONDENSED INCOME STATEMENT

		Six months ended 30 June	
		2005	2004
		(Unaudited)	(Unaudited)
		HK\$	HK\$
	Notes		
Turnover	4	–	–
Revenues	4	6,859,424	(117,591)
Impairment loss recognised on available-for-sales financial assets		(4,500,000)	–
Administrative expenses		(1,068,209)	(663,522)
Profit/(loss) before taxation	5	1,291,215	(781,113)
Income tax expense	6	–	–
Profit/(loss) from ordinary activities attributable to shareholders		1,291,215	(781,113)
Earnings/(loss) per share – basic	8	0.65 cents	(0.39) cents

CONDENSED BALANCE SHEET

		30 June 2005 (Unaudited) HK\$	31 December 2004 (Audited) HK\$
	Notes		
ASSETS			
Non-current assets			
Investment in securities	9	–	26,928,045
Available-for-sales financial assets	9	22,428,045	–
Current assets			
Interest receivables		1,136,797	1,136,797
Other receivables		–	1,564,409
Deposits and prepayment		249,701	283,832
Financial assets at fair value through profit or loss		88,800	–
Cash and bank balances		13,971,650	6,742,990
		15,446,948	9,728,028
TOTAL ASSETS		37,874,993	36,656,073
EQUITY AND LIABILITIES			
Current liabilities			
Accruals		50,663	122,958
Equity			
Share capital	10	1,999,440	1,999,440
Reserves		35,824,890	34,533,675
Total equity		37,824,330	36,533,115
TOTAL EQUITY AND LIABILITIES		37,874,993	36,656,073
Net assets value per share	11	HK\$0.19	HK\$0.18

NOTES TO CONDENSED FINANCIAL STATEMENTS

- General**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).
- Basis of preparation**

The unaudited condensed interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and the Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed interim financial statements have been reviewed by the audit committee of the Company and were approved by the board of directors on 22 September 2005.
- Principal accounting policies**

The financial statements are prepared under the historical cost convention except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2004 except as described below.

In the current period, the Company has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRS(s)"), Hong Kong Accounting Standards ("HKAS(s)") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1 January 2005. The adoption of the new HKFRSs has results in changes to the Company's accounting policies in the following areas:

(a) *Share-based payment*

In the current period, the Company has applied HKFRS 2 "Share-based payments" which requires an expense to be recognised where the Company buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Company is in relation to the expensing of the fair value of share options granted by the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Company did not recognise the financial effect of these share options until they were exercised. The Company has not applied HKFRS 2 to share options that were granted after 7 November 2002 and had vested before 1 January 2005 in accordance with the relevant transitional provisions.

(b) *Financial instruments*

In the current period, the Company has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

The company has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31 December 2004, the company classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 ("SSAP 24"). Under SSAP 24, investments in debts and equity securities are classified as investment in securities, other investment or held to maturity investments as appropriate. Investments in securities are carried at cost less impairment loss (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in profit or loss. Held-to-maturity investments are carried at amortised cost less impairment losses (if any). From 1 January 2005 onwards, the Company classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sales financial assets", "loans and receivables" or "held-to-maturity financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" and "available-for-sales financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held to maturity financial assets" are measured at amortised cost using the effective interest method.

On 1 January 2005, investment in securities classified under non-current assets with carrying amount of HK\$26,928,045 was reclassified to available-for-sales financial assets accordingly.

The change of the accounting policies described above had no effect on the results for current or prior periods.

The Company has not early applied the new Standards or Interpretations that have been issued by the HKICPA before 30 June 2005 but are not yet effective for accounting periods on or after 1 January 2005. The directors of the Company anticipate that the application of these new Standards or Interpretations will not have material impact on the financial statements of the Company.

4. **Turnover and revenue**

	Six months ended 30 June	
	2005	2004
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Turnover	—	—
Revenues		
Bank interest income	10,544	694
Dividend income	—	4,734
Realised and unrealised gain/(loss) on other investments	6,848,880	(123,019)
	<u>6,859,424</u>	<u>(117,591)</u>

All the turnover and contribution to operating results are attributable to investment activities carried out or originate principally in Hong Kong, no activity analysis and geographical analysis are presented for the period.

5. **Profit/(loss) before taxation**

Profit/(loss) before taxation is stated after charging investment management fee of HK\$58,484 (2004: HK\$65,772).

6. **Income tax expense**

No provision for Hong Kong profits tax has been made in the financial statements as the Company has no assessable profit for the period (six months ended 30 June 2004: Nil).

7. **Dividend**

The directors resolved not to pay any interim dividend for the six months ended 30 June 2005.

8. **Earnings/(loss) per share**

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to shareholders of HK\$1,291,215 (six months ended 30 June 2004: loss of HK\$781,113) and the weighted average number of 199,944,000 (six months ended 30 June 2004: 199,944,000) shares in issue during the period.

No diluted earnings/(loss) per share for the six-month period ended 30 June 2005 and 2004 has been presented as the Company had no dilutive potential ordinary shares for both periods.

9. **Available-for-sales financial assets/investment in securities**

	30 June	31 December
	2005	2004
	(Unaudited)	(Audited)
	HK\$	HK\$
Unlisted equity securities, at fair value	13,500,000	18,000,000
Unlisted convertible notes, at cost	17,428,045	17,428,045
Less: Impairment loss recognised	8,500,000	8,500,000
	<u>8,928,045</u>	<u>8,928,045</u>
	<u>22,428,045</u>	<u>26,928,045</u>
Classified as :		
Investment in securities	—	26,928,045
Available-for-sales financial assets	22,428,045	—
	<u>22,428,045</u>	<u>26,928,045</u>

10. **Share capital**

	<i>Number of shares</i>	<i>HK\$</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2005 and 30 June 2005	<u>2,000,000,000</u>	<u>20,000,000</u>
Issued and fully paid:		
At 1 January 2005 and 30 June 2005	<u>199,944,000</u>	<u>1,999,440</u>

11. **Net assets value per share**

The calculation of net assets value per share is based on the net assets value of the Company as at 30 June 2005 of HK\$37,824,330 (31 December 2004: HK\$36,533,115) and 199,944,000 (31 December 2004: 199,944,000) ordinary shares in issue at that date.

As at the date of this announcement, the Executive Directors of the Company are Mr Xiang Xin, Mr Ng Kwong Chue Paul, Mr Chan Cheong Yee, Mr Kwok Chi Hung and Mr Ng Tin Sang; the Non-executive Director is Mr Yap Shun Chung; the Independent Non-executive Directors are Mr David Wang Xin, Mr Zang Hong Liang and Mr Wong Wang Tai.