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**SINO TECHNOLOGY INVESTMENTS COMPANY LIMITED**  
**中國創新投資有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**REPURCHASE OF SHARES**  
**AND**  
**CONNECTED TRANSACTIONS REGARDING TERMINATION OF**  
**EXISTING INVESTMENT MANAGEMENT AGREEMENT AND**  
**APPOINTMENT OF A NEW INVESTMENT MANAGER**

- The Directors noted the recent decrease in the price of the Shares on 23 May 2003 and wish to state that they are not aware of any reasons for such price decrease.
- The Company had repurchased 56,000 Shares on 23 May 2003 on the market at a price range of HK\$0.80 to HK\$0.95 per Share. The Shares repurchased represented 100 per cent. of the total number of the Shares traded on the Exchange in the month of April, 2003. **Accordingly, such repurchases constituted a breach of Rule 10.06(2)(a) of the Listing Rules and that the Exchange reserves its rights to take appropriate actions against the Company and its Directors in respect of the breach.**
- An oral agreement was reached on 19 May 2003 where a written confirmation was subsequently made on 27 May 2003 between the Company and Hua Yu to terminate the Old Agreement. The Company has entered into a new investment management agreement with China Everbright on 23 May 2003 whereby China Everbright was appointed as the investment manager of the Company with effect from 1 June 2003.
- At the request of the Company, trading in the Shares was suspended with effect from 26 May 2003 at 9:30 am. Application has been made to the Exchange for the resumption of trading in the Shares with effect from 9:30 am on 24 June 2003.

**Shareholders of the Company and the public are advised to exercise extreme caution when dealing in the securities of the Company.**

**Decrease in share price on 23 May 2003**

This statement is made at the request of The Stock Exchange of Hong Kong Limited (the “Exchange”).

We have noted the recent decrease in price of the shares of nominal value of HK\$0.01 each (the “Share(s)”) of Sino Technology Investments Company Limited (the “Company”) and wish to state that we are not aware of any reasons for such price decrease.

We also confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither is the board (the “Board”) of directors (the “Directors”) of the Company aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

## Share Repurchases

Pursuant to the general mandate to repurchase shares granted to the Directors by the sole member of the Company on 18 July 2002, the Company had repurchased 56,000 Shares on the market on 23 May 2003 (the “Repurchase Date”), representing approximately 38.62% of the total volume of the Shares traded on the Exchange on the Repurchase Date, at a price range of HK\$0.80 to HK\$0.95 per Share, which is at the range of 3.5 times to 4 times of the net asset value per Share as at the Repurchase Date. Each of the closing, highest and lowest price per Share as quoted on the Exchange on 22 May 2003 was HK\$0.98.

At about 3:40 p.m. on 23 May 2003, Mr. Xiang Xin, a director of the Company and the ultimate beneficial owner of Harvest Rise Investments Limited holding 26,000,000 Shares representing approximately 13% of the issued share capital of the Company as at the date of this announcement, noted the decrease in the price of the Shares to a level well below that of the past few months. The average closing price was approximately HK\$0.91 per Share (“Average Closing Price”) throughout the last 30 trading days from and including the Repurchase Date. He consulted and was informed by the company secretary of the Company that the Company has the power to repurchase Shares. Mr. Xiang therefore went ahead and purchased 56,000 Shares at an average purchase price of HK\$0.89 per Share which is below the Average Closing Price. The Share repurchases was subsequently ratified by the Board.

In accordance with Rule 10.06(2)(a) of the Rules Governing the listing of securities (the “Listing Rules”) on the Exchange, the Company shall not purchase Shares on the Exchange numbering more than 25 per cent. of the total number of the Shares which were traded on the Exchange in the preceding calendar month. However, on 23 May 2003, the Company had purchased 56,000 Shares representing 100 per cent. of the total number of the Shares traded on the Exchange in the month of April, 2003. **Accordingly, such repurchase constituted a breach of Rule 10.06(2)(a) of the Listing Rules and that the Exchange reserves its rights to take appropriate actions against the Company and its Directors in respect of the breach.** The Directors will exercise caution in making Share repurchases in the future so that full compliance with Rule 10.06(2)(a) would be maintained.

The Company is an investment company listed on the Exchange under Chapter 21 (“Chapter 21 company (ies)”) of the Listing Rules on 28 August 2002 (“Listing”) and has not made any share repurchase since Listing. Subscription price of the Share upon Listing was HK\$0.25 per Share. The net asset value per Share as at the Repurchase Date was approximately HK\$0.23. The Share repurchases have an immaterial adverse effect on the net asset value per Share of 0.08%.

## Change of Investment Manager

Investment portfolio of the Company comprised mainly of direct investment projects.

The Company had entered into a new investment management agreement (the “Agreement”) with China Everbright Securities (HK) Limited (“China Everbright”) after the close of trading of the Shares at the Exchange on 23 May 2003 whereby China Everbright was appointed as the investment manager of the Company in place of Hua Yu Investment Management Limited (“Hua Yu”) with effect from 1 June 2003.

### *Investment management fee and bonus fee*

An oral agreement was reached on 19 May 2003 where a written confirmation was subsequently made on 27 May 2003 between the Company and Hua Yu to terminate the three-year investment management agreement (the “Old Agreement”) entered into between the said parties on 18 July 2002 in accordance with the terms and conditions stipulated therein. The aforesaid change was made solely on the grounds that the Company has been proposed by China Everbright about early May 2003 offering a competitive management fee of 0.25% per annum as compared to the existing 1% per annum offered by Hua Yu. Under the Old Agreement, Hua Yu was not entitled to any payment of bonus fee by the Company. Upon termination of the Old Agreement, no penalty is payable and management fee for the period of 28 August 2002 to 31 May 2003 totalling HK\$350,570.94 was paid by the Company to Hua Yu.

China Everbright was appointed as the investment manager of the Company for a period of three years commencing on 1 June 2003 in consideration of a payment of a fee calculated at 0.25% per annum of the unaudited net asset value of the Company as at the last dealing date on the Exchange in each calendar month or such other dealing day (the “Valuation Date”) as considered appropriate by the Board and payable in cash on a monthly basis on a business date immediately after each Valuation Date and shall continue for successive period of three years unless terminated earlier in accordance with the terms of the Agreement. According to the Company’s latest published annual report and its latest published net asset value as at 31 May 2003, the net asset value of the Company as at 31 December 2002 and 31 May 2003 was HK\$46,078,325 and approximately HK\$45,738,741 respectively. The annual investment management fee are expected to be approximately HK\$115,196 based on the net asset value as at 31 December 2002 and HK\$114,347 based on the net asset value as at 31 May 2003. In addition, China Everbright is entitled to a bonus fee equivalent to 10% of the audited profit before tax of each financial year of the Company payable in cash on the business date immediately after the publication of the Company’s final audited result for the year.

### *Powers and Duties of China Everbright*

China Everbright will undertake investment duties in relation to the Company and its assets subject to the investment policies, guidelines and strategies devised by the Board from time to time. China Everbright will be responsible for analyzing investment opportunities identified by it and the Board. Subject to and in accordance with the direction of the Board and the investment policies adopted by the Company from time to time, China Everbright has the overall discretion over the assets of the Company, including acquisitions and disposals of assets, provided that China Everbright shall seek prior approval of the Board before they actually make any acquisition or disposal of the assets of the Company.

### *Background of China Everbright*

China Everbright was incorporated in Hong Kong on 4 January 1991 and is a wholly-owned subsidiary of China Everbright Limited (Stock Code: 165). China Everbright holds licences on Dealing in Securities (Type 1), Advising in Securities (Type 4) and Asset Management (Type 9) since 21 May 1991 under the Securities and Futures Ordinance (“SFO”). For the time being, other than the engagement with the Company, no other Chapter 21 companies have engaged China Everbright as their investment manager.

The full board members of China Everbright are composed of four executive directors and three non-executive directors. The following are information of those four executive directors responsible for asset management activities:

Mr. Chan, Kam Hop, aged 53, is the managing director of China Everbright. Mr. Chan is currently a licensed responsible officer of China Everbright under Section 120 of the SFO, authorized to carry out regulated activities of advising on corporate finance and undertaking asset management respectively defined as Type 6 and Type 9. Licensed as a responsible officer to carry out regulated activities in dealing securities, dealing in futures contracts, leveraged foreign exchange, advising on securities, advising on futures contracts and automated trading services respectively defined as Type 1, Type 2, Type 3, Type 4, Type 5 and Type 7. Mr. Chan has been working in the financial field for twenty years of which he held managerial positions over a period of ten years. He has considerable experience in back office and front office management, marketing and strategic planning. During the periods of 1987 to 1996 and 1996 to 2001, Mr. Chan worked at Sun Hung Kai Investment Services Limited and Sun Hung Kai Securities Limited respectively, both are wholly-owned subsidiaries of Sun Hung Kai & Company (stock code: 86). Throughout the period, Mr. Chan managed third-party investment portfolios of approximately US\$5 million on a jointed discretionary basis. Mr. Chan actually made investment decisions which were in scope of clients' investment objectives. Those third-party investment portfolios during that management period included US stocks, Hong Kong stocks, equity-related derivatives, forex and bullion. From June 1991 to June 2001, Mr. Chan participated in the investment management of a SFC authorized open-end hedged fund, which was specialized in leveraged forex and gold. He was a member of the investment committee of the investment management company, which was a subsidiary of Sun Hung Kai & Company (stock code: 86) as well. Mr. Chan assisted in identifying investment opportunities in currencies, bullion and derivatives, providing investment decisions and monitoring performance of the fund. During the period of May 2002 to present, Mr. Chan acted as fund manager and possessed jointed discretionary power with the investment committee of Phoenix International Investment Ltd to manage investment portfolio of US\$2 million. Investment holding of the fund included listed and equity-linked products, some arbitrage activities of index futures and component stocks as well. Mr. Chan has not engaged any directorship with any other Chapter 21 companies.

Mr. Chan, Cheong Yee, aged 39, is the director of China Everbright. Mr. Chan is a licensed responsible officer of China Everbright under Section 120 of the SFO, authorized to carry out asset management services to clients defined as Type 4 and Type 9. From 1 June 2002, Mr. Chan is an executive director of Haywood Investments Limited ("HIM"), a Chapter 21 company having an audited fund size of HK\$23 million as at 31 December 2002. Major responsibilities of Mr. Chan included reviewing investment proposals, conducting investment analysis and making investment decisions on both listed and unlisted financial instruments such as equities, bonds, CB etc. Mr. Chan has resigned as an executive director of HIM with effect from 30 June 2003. For the period of 1 June 2002 to 17 Jan 2003, he was a director of Haywood Investment Management Limited, the investment manager of HIM where Mr. Chan directly involved in identifying target investment opportunities such as fixed income products, derivatives, financial papers, listed and unlisted equities etc., conducting due diligence, performing valuation, monitoring performance of investment portfolios and providing investment and divestment recommendations. During the period of Jan 2000 to October 2002, Mr. Chan was the director of CCS Consultant Limited who acted as the fund manager of Freckleton Holdings. Freckleton Holdings was an offshore trust set up in 1996. Initial fund size was approximately US\$11 million; investment portfolio included listed and unlisted equities, forex and real estate investment. Mr. Chan was responsible to source and identify target equities for investment, to perform preliminary valuations, to provide investment and divestment recommendations and to monitor the investment performance from time to time and to harvest the investments on a joint discretionary basis. During February 1995 to August 1996, Mr. Chan had participated in the investment

management of a SFC authorized open-end hedged fund which was specialized in leveraged forex and gold, where he was a member of the investment committee of the investment management company which was a subsidiary of Sun Hung Kai & Company (Stock Code: 86), and was responsible in identifying investment opportunities in currencies, bullion and derivatives, providing investment decisions and monitoring performance of the fund. With effect from 1 June 2003, Mr. Chan was appointed as an executive director of the Company. Save as disclosed above, Mr. Chan has not engaged other directorship with any other Chapter 21 companies.

Mr. Chu To, Jonathan, aged 38, is a licensed responsible officer of China Everbright under Section 120 of the SFO, authorized to carry out the regulated activities of advising on corporate finance and undertaking asset management respectively defined as Type 6 and Type 9. Licensed as representative to carry out regulated activities in dealing securities, dealing in futures contracts, leveraged forex exchange, advising on securities, advising on futures contracts asset management and respectively defined as Type1, Type2, Type3, Type4 and Type5. For the periods of 1988 to 1996 and 1996 to 2001, Mr. Chu worked at Sun Hung Kai Investment Services Limited and Sun Hung Kai Securities Limited respectively, both are wholly-owned subsidiaries of Sun Hung Kai & Co (stock code 86) and left for China Everbright for career advancement in 2001. During the said period, Mr. Chu provided investment management services to and made investment decisions for and on behalf of a number of high net worth clients on a discretionary basis, such as, for the period of January 1997 to December 1997, Mr. Chu was the fund manager with full discretionary power to manage Broadsino Investment Company Limited. Mr. Chu was responsible for identifying investment opportunities in equities, forex and futures with a fund size of around HK\$10 million since establishment in 1997. For the period of April 1990 to 1999, Mr. Chu acted as a fund manager who possessed joint discretionary authorization power with the General Manager of China Cotton Import & Export Corp (“CCIE”) to achieve earnings in medium term by investing in futures, equity, equity-linked and debt products. Mr. Chu was responsible in identifying investment opportunities and decision-making. Fund size was around US\$4 million since establishment in 1990. After Mr. Chu joined China Everbright from June 2001 till present, Mr. Chu possesses joint discretionary authorization power with other directors of Sinolight International (HK) Limited (“Sinolight”) to provide investment management services. Sinolight is a private investment fund established in 2000, its initial fund size was around US\$1.5 million. Investment portfolio includes listed companies’ debentures and equity-linked products. Mr. Chu is responsible for rendered investment advices, formulated overall investment strategies and guidelines and approval of all investment decisions on listed and unlisted financial instruments such as equities and bonds. Mr. Chu has not engaged other directorship with any other Chapter 21 companies.

Mr. So Hin Pong, Stephen, aged 45, is a dealing director and a licensed responsible officer of China Everbright under Section 120 of the SFO, authorized to carry out regulated activities of advising on corporate finance and undertaking asset management respectively defined as Type 6 and Type 9. Licensed as responsible officer to carry out regulated activities in dealing securities, leveraged foreign exchange, advising on securities and automated trading services respectively defined as Type 1, Type 3, Type 4 and Type 7. Mr. So has twenty years of experience in finance and investment industry. For the past fourteen years, he gained valuable experience in dealing, marketing and portfolio management and operations. He has also been actively involved in fund management industries for over seven years. During the period of 1988 to 2001, Mr. So worked closely with other fund managers to manage third-party portfolios of approximately US\$5 million on a jointed discretionary basis. Mr. So actually made investment decisions which were in scope of clients’ investment objectives. Those third-party investment portfolios during the management period included US stocks, Hong Kong stocks, equity-related derivatives, forex and bullion. During the period of June 1991 to October 1993 and also the period of September 1996 to June 2001, he was a director of a SFC authorized open-end hedged fund specialized in leveraged forex and gold. In addition, he was also a member of the investment committee of the investment management company

which was a subsidiary of Sun Hung Kai & Company (Stock Code: 86), and was responsible in identifying investment opportunities in currencies, bullion and derivatives market, providing investment decisions and monitoring performance of the fund. During the period of May 2002 to present, Mr. So acted as fund manager and possessed jointed discretionary power with the investment committee of Phoenix International Investment Ltd, to manage investment portfolio of US\$ 2 million. The investment portfolio includes listed equities and equity-linked products, with some arbitrage activities of index futures and component stocks as well. Mr. So is currently the Vice Chairman of Hong Kong Securities Professional Association and has not engaged any directorship with any other Chapter 21 companies.

Save as aforementioned, China Everbright and each of its directors is independent of the Company, the directors, chief executives, substantial shareholders, and auditors of the Company and any of its subsidiaries and any of each of their respective associates (as defined under the Listing Rules). The Board also confirms that each of the directors of China Everbright has not taken part in the management of nor do they have any interest in the Company and/or its substantial shareholder as at the date of this announcement.

The Board is fully aware of the potential conflict of interest between China Everbright and the Company. China Everbright has undertaken that, so long as it remains the investment manager of the Company, it shall disclose to the Company before entering into any transaction any potential conflict of interest involving the Company of which it is aware.

#### *Connected Transaction*

The investment manager is regarded as a connected person of the Company under Rule 21.13 of the Listing Rules. Accordingly, the Agreement constituted a continuing connected transaction for the Company under the Listing Rules. Nevertheless, the management fees payable to China Everbright are expected to be below HK\$1,000,000, and will be exempted from reporting, announcement and/or shareholders' approval requirements under the Listing Rules. The Company will comply with the applicable requirements under Chapter 14 of the Listing Rules and disclose full details by press notice and/or seek independent shareholders' approval if the management fees payable to China Everbright during its term of service in respect of each financial year of the Company exceeds the de-minus threshold set out in Rule 14.24(5) and/or Rule 14.25(1) of the Listing Rules.

The Board (including the independent non-executive directors of the Company) is of the view that the Agreement was entered into on normal commercial terms and arm's length basis and in the ordinary course of business of the Company, and that the terms of the Agreement are fair, beneficial and reasonable to the shareholders and the Company as a whole.

#### **Suspension of trading of shares**

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 26 May 2003 pending release of this announcement. Application has been made to the Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 24 June 2003.

Made by the Order of the Board of Sino Technology Investments Company Limited the directors of which individually and jointly accept responsibility for the accuracy of this announcement.

**Shareholders of the Company and the public are advised to exercise extreme caution when dealing in the securities of the Company.**

By Order of the Board  
**Xiang Xin**  
*Executive Director*

Hong Kong, 23rd day of June, 2003

“Please also refer to the published version of this announcement in China Daily”.