



SINO TECHNOLOGY INVESTMENTS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1217)



Interim Report 2007

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FINANCIAL HIGHLIGHTS

The board of directors (the "Board") of Sino Technology Investments Company Limited (the "Company") are pleased to announce the unaudited results of the Company for the six months ended 30 June 2007 with comparative figures for the corresponding period of 2006 as follows:

	Unaudited six months ended 30 June		
	2007 HK\$	2006 HK\$	change %
Turnover	407,462	234,723	73.6%
Loss for the period	(364,251)	(604,211)	-39.7%
Net loss attributable to shareholders	(364,251)	(604,211)	-39.7%
Loss per share – basic	(0.12) cents	(0.30) cents	-60.0%

Interim Dividend

To maintain the capital for operation and potential investment opportunities, the Board does not recommend the payment of an interim dividend for the six months ended 30 June 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2007, the Company recorded a total turnover of HK\$407,462, representing an increase of 73.6% compared to HK\$234,723 for the six months ended 30 June 2006. This increase in turnover was mainly due to increase in interest income and gains on financial assets.

The loss for the period was HK\$364,251, representing an decrease of 39.7% compared to the loss of HK\$604,211 for the six months ended 30 June 2006.

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 the PRC.

During the six months ended 30 June 2007, the Company held investments in two unlisted companies namely Jinan LuGu (HK) Technology Development Limited ("Jinan LuGu") and SNG Hong Kong Limited ("SNG") and one unlisted convertible loan note issued by King Tiger Technology Company Limited ("King Tiger") in its investment portfolio, which amounted to total cost and book value of HK\$26,928,270 and HK\$13,500,225 respectively.

Jinan LuGu is incorporated in Hong Kong and principally engaged in investment holding. As at 30 June 2007, Jinan LuGu indirectly held 59.5% interest in a company incorporated in the People's Republic of China ("PRC") of which the principal activity is manufacturing and trading of 陶瓷微電路基板 (Ceramic Microcircuit Substrates), 微電路模塊 (Microcircuit Modules), 陶瓷電子元(組)件 (Ceramic Electronic Apparatus Parts (Discreteness)). The Company holds 250 ordinary shares in Jinan LuGu, representing 25% interest in the issued share capital of Jinan LuGu. There were no dividends received from this investment during the period (2006: nil) under review.

SNG is incorporated in Hong Kong and principally engaged in investment holding. As at 30 June 2007, SNG indirectly held 38.5% interest in a company incorporated in the PRC, of which the principal activity is manufacturing and trading of 發光二極管芯片 (LED Chips). The Company holds 3,750 ordinary shares in SNG, representing 30% interest in the issued share capital of SNG. No dividend was received during the period (2006: nil) under review.

King Tiger is incorporated in Taiwan ROC 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 is 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 matured on 15 January 2006 with an interest rate of 6.5% per annum. Upon maturity of the convertible loan note, the Company had the right to convert the outstanding principal amount of the loan note together with the accrued interest, if any, into shares of 安徽精通, directly or indirectly. King Tiger had defaulted on the payment of interest since 31 December 2003. Further, the Company was informed by King Tiger that there were certain disputes between the shareholders of 安徽精通 which hindered the conversion of the shareholding to King Tiger or to the Company directly. In light of the above, for the sake of prudence, impairment loss for the full investment cost had been recognised during the year ended 31 December 2005.

As at the date of this report, the Company continued to hold the abovementioned investments in its investment portfolio. The Board is of the view that the business operations and the performance of such investments excluding the investment in the unlisted convertible loan note issued by King Tiger will grow with the economy in the PRC in the foreseeable future. With the solid financial position, the Company will continue to evaluate potential investments with high investment returns and yields for the shareholders.

In the Company's announcement dated 16 August 2007, the Board announced that the Company will raise not less than approximately HK\$120 million and not more than approximately HK\$153 million, before expenses, by way of rights issue of not less than 3,000,120,000 Rights Shares and not more than 3,838,992,000 Rights Shares in the proportion of ten Rights Shares for every shares held on the Record Date at a price of HK\$0.04 per each Rights Share.

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 to further expand organically and by acquisition. Furthermore, the directors consider that as the economy of Hong Kong and the PRC is picking up, more investment opportunities can be identified in the near future. The directors consider that the Rights Issue provides the Company 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.

Prospect

The board adopts a cautious and prudent approach in the investment selection and management processes. Looking forward, due to the continuous improvement in the general economies in Hong Kong and the PRC, more investment opportunities can be identified. The Company will continue to explore new investment opportunities in Hong Kong and the PRC. It is expected that investment involving in the share reform and restructuring of those major enterprises will help the Company to achieve medium to long-term capital appreciation for the shareholders. The Company has been actively searching for suitable investment opportunities to diversify its investment portfolio and to bring additional returns to the shareholders. Although no specific investment target had been identified as at the date of this report, the Company will continue to do so.

Upon completion of the above mentioned Rights Issue, the Company will be in a better financial position and can be more flexible in carrying out its investment objective, i.e. to achieve medium-term capital appreciation by investing in listed and unlisted companies mainly in Hong Kong and the PRC.

Liquidity and Financial Resources

As at 30 June 2007, the Company had cash and bank balances of HK\$15,251,122. All the cash and bank balance 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 was zero (net debt to shareholders' funds) as at 30 June 2007. Taking into consideration the existing financial resources of the Company, it is anticipated that the Company should have adequate financial resources to meet its ongoing operating and development requirements.

Capital Structure

There has been no change in the capital structure of the Company during the six months ended 30 June 2007. The Company comprises only ordinary shares.

Foreign Currency Fluctuation

The Company mainly operates its business transaction 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

As at 30 June 2007, the Company did not pledge its assets.

Contingent Liabilities

The Company did not have any contingent liabilities during the period under review.

Employee Information

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

Appreciation

Finally, for and on behalf of the Company and the board of directors, I would like to express my heartfelt gratitude to our shareholders, business partners and dedicated colleagues.

On behalf of the Board

Wang Qing Yu

Chairman

Hong Kong, 20 September 2007

ADDITIONAL INFORMATION

Disclosure of Interests

As at 30 June 2007, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under the provisions of the SFO) or which were recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") contained in the Listing Rules were as follows:—

(a) Ordinary Shares

Name of Director	Capacity	Number of Issued shares interested	Approximate percentage of interests
Xiang Xin	Interest through a controlled corporation	87,600,000 (L) (note 2)	29.2%
Lin Zhiqun Brett	Interest through a controlled corporation	78,000,000 (L) (note 3)	26.0%

Notes:

- (1) The letter "L" denotes the Directors' long position (i.e. interests) in the shares.
- (2) The 87,600,000 shares are held by Harvest Rise Investments Limited, a private company wholly and beneficially owned by Mr. Xiang. Mr. Xiang is the sole director of Harvest Rise Investments Limited.
- (3) The 78,000,000 shares are held by AP Wireless Net Inc., a private company wholly and beneficially owned by Mr. Lin Zhiqun Brett. Mr. Lin Zhiqun Brett is the sole director of AP Wireless Net Inc. and Mr. Lin resigned as executive director of the Company on 10 September 2007.

(b) Share Options

Name of Director	Date of grant	Exercise Period	Capacity	Exercise price per underlying share HK\$	Number of underlying share of the Company comprised the Options outstanding as at 30 June 2007
Xiang Xin (Note 1)	29 Jan 2003	28 Aug 2003 to 27 Aug 2013	Interest of spouse	0.2083	960,000
Ng Kwong Chue Paul (Note 2)	29 Jan 2003	28 Aug 2003 to 27 Aug 2013	Beneficial owner	0.2083	1,200,000
David Wang Xin (Note 2)	29 Jan 2003	28 Aug 2003 to 27 Aug 2013	Beneficial owner	0.2083	480,000

Notes:

- (1) On 29 January 2003, Ms. Kung Ching, spouse of Mr. Xiang Xin, was granted Options as an advisor of the Company to subscribe for 960,000 shares pursuant to the Share Option Scheme. No relevant options have been exercised up to and including the date of this report.
- (2) On 29 January 2003, Mr. Ng Kwong Chue Paul was granted the options as an advisor of the Company and Mr. David Wang Xin was granted the options as the independent non-executive director of the Company to subscribe for 1,200,000 and 480,000 shares respectively pursuant to the Share Option Scheme. No relevant options have been exercised up to and including the date of this report.

Save as disclosed above, none of the Directors or the chief executive of the Company or any of their associates had, as at 30 June 2007, any interests or short positions in the shares, underlying share and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under the provisions of the SFO) or which were recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Disclosure of Interests by Substantial Shareholders

As at 30 June 2007, so far as was known to any Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company who had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or had any option in respect of such capital:

Name of Shareholder	Capacity	Number of Issued share held	Approximate percentage of interests
Harvest Rise Investments Limited (Note 2)	Corporate	87,600,000 (L)	29.2%
Kung Ching (Note 3)	Family Corporate	87,600,000 (L)	29.2%
AP Wireless Net Inc. (Note 4)	Corporate	78,000,000 (L)	26.0%
Zhang Ling	Beneficial owner	38,116,491 (L)	12.7%

Notes:

- (1) The letter "L" denotes the shareholders' long position (i.e. interests) in the shares.
- (2) Harvest Rise Investments Limited is a private company wholly and beneficially owned by Mr. Xiang Xin. Mr. Xiang Xin is the sole director of Harvest Rise Investments Limited.
- (3) Ms. Kung Ching, the spouse of Mr. Xiang Xin, are deemed to have interest in 87,600,000 shares held by Harvest Rise Investments Limited as mentioned in note 2 above
- (4) AP Wireless Net Inc. is a private company wholly and beneficially owned by Mr. Lin Zhiqun Brett. Mr. Zhiqun Brett is the sole director of AP Wireless Net Inc..

As at 30 June 2007, save as disclosed above, so far as was known to the Directors, no other person (not being a Director or chief executive of the Company) had, or was deemed or taken to have an interest or short position in the shares and underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class or share capital carrying rights to vote in all circumstances at general meeting or the Company or held any option in respect of such capital.

Other Information

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2007, the Company had not purchased, sold or redeemed any of its listed securities.

Corporate Governance

Code on Corporate Governance Practices

The Company had complied with the Code on Corporate Governance Practice ("Code") as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2007, save for deviation from Code A.4.1.

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing non-executive Directors are appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all Directors (including Independent Non-executive Directors) are subject to retirement by rotation in accordance with the Company's Articles of Association. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

Model Code on Securities Transactions by Directors

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuer ("Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions.

Having made specific enquiry of all Directors, the Directors of the Company have complied with the required standard set out in the Model Code regarding Directors' Securities Transactions.

Review by Audit Committee

The Audit Committee, comprising the three independent non-executive directors of the Company, has reviewed and discussed with the management the Company's unaudited interim financial report for the six months ended 30 June 2007, and the internal control and financial reporting matters.

CONDENSED INCOME STATEMENT

		Six months ended 30 June 2007 (Unaudited) HK\$	2006 (unaudited) HK\$
	<i>Notes</i>		
Turnover	3	407,462	234,723
Investment manager's fee		(39,249)	(36,903)
Directors' emoluments		(25,000)	(27,274)
Other operating expenses	4	(707,464)	(774,757)
Loss before taxation		(364,251)	(604,211)
Taxation	5	–	–
Loss attributable to shareholders		(364,251)	(604,211)
Loss per share			
– Basic	7	(0.12) cents	(0.30) cents

CONDENSED BALANCE SHEET

	<i>Notes</i>	30 June 2007 (Unaudited) HK\$	31 December 2006 (Audited) HK\$
Non-current assets			
Available-for-sale investments	8	13,500,225	13,500,225
Current assets			
Deposits and prepayment		199,089	344,227
Financial assets at fair value through profit or loss	9	14,707	–
Cash and cash equivalents	10	15,251,122	15,718,102
		15,464,918	16,062,329
Current liabilities			
Accruals		201,417	434,577
Net current assets			
		15,263,501	15,627,752
Total assets less current liabilities			
		28,763,726	29,127,977
Capital and reserves			
Share capital	11	2,999,160	2,999,160
Reserves		25,764,566	26,128,817
Total equity attributable to equity holders of the Company			
		28,763,726	29,127,977
Net asset value per share			
	12	HK\$0.10	HK\$0.10

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Accumulated losses <i>HK\$</i>	Total <i>HK\$</i>
Balance at 1 January 2006	1,999,440	44,420,105	(19,398,093)	27,021,452
Loss for the period	–	–	(604,211)	(604,211)
Balance at 30 June 2006	1,999,440	44,420,105	(20,002,304)	26,417,241
Balance at 1 January 2007	2,999,160	46,714,093	(20,585,276)	29,127,977
Loss for the period	–	–	(364,251)	(364,251)
Balance at 30 June 2007	2,999,160	46,714,093	(20,949,527)	28,763,726

CONDENSED CASH FLOW STATEMENT

	Six months ended 30 June	
	2007 (Unaudited) HK\$	2006 (unaudited) HK\$
Net cash used in operating activities	(619,971)	(646,158)
Net cash from investing activities	152,991	272,581
Net decrease in cash and cash equivalents	(466,980)	(373,577)
Cash and cash equivalents at 1 January	15,718,102	13,132,156
Cash and cash equivalents at 30 June	15,251,122	12,758,579
Analysis of balances of cash and cash equivalents		
Bank balances and cash	14,483,505	12,758,157
Cash held in the securities account maintained in a securities company	620,325	422
Cash held in the commodities account maintained in a securities company	147,292	–
	15,251,122	12,758,579

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1 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 the Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the interim report.

The Company is an investment holding company. Its principal investment objective is to achieve medium-term capital appreciation by investing in listed and unlisted companies mainly in Hong Kong and the People's Republic of China (the "PRC").

These condensed interim financial statements ("Interim Financial Statements") are presented in Hong Kong dollars ("HK\$") which is the Company's functional currency and presentation currency. These Interim Financial Statements have been approved for issue by the Board of Directors on 20 September 2007.

2 Basis of preparation and accounting policies

These unaudited 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 of Hong Kong Limited ("Listing Rules") and the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These Interim Financial Statements should be read in conjunction with the 2006 annual report.

This interim financial report contains condensed financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the 2006 annual report. The condensed interim financial statements and notes thereon do not include all of the information required for full set of financial statement prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs", which term collectively includes HKASs and Interpretations).

In the current period, the Company has applied, for the first time, the following new standards, amendments and interpretations (hereinafter collectively referred to as "new HKFRSs"), issued by the HKICPA, which are effective for the Company's accounting periods beginning on 1 January 2007.

– HKAS 1 (Amendment)	Capital Disclosure ¹
– HKFRS 7	Financial Instruments: Disclosures ¹
– HK(IFRIC)-INT 7	Applying the restatement approach under HKAS 29 financial reporting in hyperinflationary economies ²
– HK(IFRIC)-INT 8	Scope of HKFRS 2 ³
– HK(IFRIC)-INT 9	Reassessment of embedded derivatives ⁴
– HK(IFRIC)-INT 10	Interim financial reporting and impairment ⁵

- 1 Effective for periods beginning on or after 1 January 2007
- 2 Effective for periods beginning on or after 1 March 2006
- 3 Effective for periods beginning on or after 1 May 2006
- 4 Effective for periods beginning on or after 1 June 2006
- 5 Effective for annual periods beginning on or after 1 November 2006

The application of these new HKFRSs did not have any material impact on how the financial statements of the Company are prepared and presented for the current or prior accounting period.

The Company has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments and interpretations will have no material impact on the financial statements of the Group.

– HKAS 23 (Revised)	Borrowing costs ⁶
– HKFRS 8	Operating segments ⁶
– HK(IFRIC)-INT 11	HKFRS 2 – Group and treasure share transactions ⁷
– HK(IFRIC)-INT 12	Service concession arrangements ⁸

⁶ Effective for periods beginning on or after 1 January 2009

⁷ Effective for periods beginning on or after 1 March 2007

⁸ Effective for periods beginning on or after 1 January 2008

3 Turnover

	Six months ended 30 June	
	2007 (Unaudited) HK\$	2006 (Unaudited) HK\$
Interest income	239,763	180,342
Realised and unrealised gain on financial assets at fair value through profit or loss	167,699	54,381
	407,462	234,723

No segment information is presented as the Company has only one business activity, namely investment holding, which is principally operating in Hong Kong and the PRC.

4 Other operating expenses

	Six months ended 30 June 2007 (Unaudited) HK\$	2006 (Unaudited) HK\$
Other operating expenses include the following:		
Legal and professional fee	88,179	333,433
License fee	306,000	306,000
Listing fee	72,500	72,500

5 Taxation

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 2006: Nil).

6 Dividend

The directors resolved not to pay an interim dividend for the six months ended 30 June 2007.

7 Loss per share

The calculation of basic loss per share is based on the loss attributable to shareholders of HK\$364,251 (2006: HK\$604,211) and on 299,916,000 (2006: 199,944,000) shares in issue during the period.

No diluted loss per share was presented for both periods as the impact of the exercise of the share options is anti-dilutive.

8 Available-for-sale investments

	30 June 2007 (Unaudited) HK\$	31 December 2006 (Audited) HK\$
Unlisted equity securities	13,500,225	13,500,225
Unlisted convertible notes	8,928,045	8,928,045
Less: impairment loss recognised	8,928,045	8,928,045
	–	–
	13,500,225	13,500,225

9 Financial assets at fair value through profit or loss

	30 June 2007 (Unaudited) HK\$	31 December 2006 (Audited) HK\$
Equity securities, listed in Hong Kong, at fair value	14,707	–

10 Cash and cash equivalents

	2007 (Unaudited) HK\$	2006 (Audited) HK\$
Cash at bank	14,483,505	15,108,168
Cash held in the securities account of a securities company	620,325	609,934
Cash held in the commodities account of a securities company	147,292	–
	15,251,122	15,718,102

11 Share capital

	<i>Number of shares</i>	<i>HK\$</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2007 and 30 June 2007	2,000,000,000	20,000,000
Issued and fully paid:		
At 1 January 2007 and 30 June 2007	299,916,000	2,999,160

12 Net assets value per share

The calculation of net asset value per share is based on the net asset value of the Company as at 30 June 2007 of HK\$28,763,726 (31 December 2006: HK\$29,127,977) and 299,916,000 (31 December 2006: 299,916,000) ordinary shares in issue at that date.

13 Share options

Under the share option scheme approved by the sole shareholder of the Company on 18 July 2002 (the "Scheme"), the board of directors of the Company may, at their discretion, invite any full-time employee, director (including non-executive director and independent non-executive director), any part time employee with weekly working hours of 15 hours and above of the Company or its subsidiaries, any advisor or consultant to the Company or to any of its subsidiaries and adviser, consultant, agent or business affiliates who has contributed to the Company to subscribe for shares in the Company.

Pursuant to the Scheme, the overall limit on the number of shares which may be issued upon exercise of all options granted and yet to be exercised under the Scheme and other share options schemes of the Company must not exceed 30% of the shares in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted and to be granted to (i) each eligible participant (including both exercised and outstanding options) and (ii) a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates in any 12-month period up to the date of such grant must not exceed 1% or 0.1% respectively of the shares in issue at any time. Any further grant of options in excess of this limit is subject to the shareholders' approval of the Company in a general meeting with such participant(s) and his/her associate(s) abstaining from voting.

The offer of a grant of share options may be accepted within 7 days from the date of the offer, upon payment of a consideration of HK\$1.00 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences on a specified date and ends on a date which is not later than 10 years from the date of the offer of the share options.

The exercise price of the share options is determinable by the directors of the Company, but may not be less than the highest of (a) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (b) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share on the date of grant.

Details of the options granted under the Scheme and outstanding at 30 June 2007 are as follows:

Date of grant	Option period	Number of share options			Exercise price per underlying share HK\$
		Outstanding as at 1 January 2007	Granted during the period	Outstanding as at 30 June 2007	
29/1/2003	28/8/2003– 27/8/2013	24,000,000	–	24,000,000	0.2083

As at 30 June 2007, the number of shares issuable under the Scheme represented approximately 8% (31 December 2006: approximately 8%) of the Company's shares in issue as at that date.

No share options were exercised under the Scheme since its date of adoption.

14 Connected and related party transactions

	Six months ended 30 June 2007 (Unaudited) HK\$	2006 (Unaudited) HK\$
Investment management fee paid to China Everbright Securities (HK) Limited (<i>note a</i>)	39,249	36,903
Brokerage commission and handling fee paid to China Everbright Securities (HK) Limited (<i>note b</i>)	2,300	8,047
Brokerage commission paid to China Everbright Forex & Futures (HK) Limited (<i>note c</i>)	1,600	–
License deposit withheld by/paid to New Times Investment Management Limited (<i>note d</i>)	102,000	102,000
License fee paid and payable to New Times Investment Management Limited	306,000	306,000

Note:

- (a) The Company has entered into an investment management agreement with China Everbright Securities (HK) Limited ("CES") for a period of three years commencing from 1 June 2003 in consideration of a payment of a fee calculated at 0.25% per annum of the net asset value of the Company as at the last dealing date on the Stock Exchange in each calendar month or such other valuation date as considered appropriate by the Board and payable on a monthly basis on a business date immediately after each valuation date. The agreement is renewed automatically for a period of three years upon expiry unless a written notice of termination by either party for not less than 3 months is served. In addition, CES is entitled to a bonus fee equivalent to 10% of the audited profit before tax of each financial year of the Company payable on the business date immediately after the publication of the Company's final audited result for the year. CES is regarded as a connected person of the Company for the purpose of the Listing Rules.
- (b) Brokerage commission rate is charged at the rate ranging from 0.25% to 1% of the value of the transactions. Handling fee is charged at HK\$100 per each IPO application.
- (c) China Everbright Forex & Futures (HK) Limited is a fellow subsidiary of CES. Brokerage commission is charged at the rate of HK\$60 or HK\$100 per each future trading contract.

- (d) The Company has entered into a license agreement with New Times Investment Management Limited ("NTIML"), a company of which a director of the Company, Mr. Xiang Xin is also a director (the "License Agreement"). Pursuant to the License Agreement, the Company was granted the right to occupy an office unit and to use the available furniture, equipment and general administrative services. In return, the Company shall pay a deposit of HK\$102,000 and a monthly license fee of HK\$51,000 to NTIML. The License Agreement commenced on 1 April 2004 and may terminate when 30 days notice is given by either party. The deposit was included in deposit and prepayment in the balance sheet.

15 Post balance sheet events

On 16 August 2007, the Board of Directors announced that the company proposed to raise not less than approximately HK\$120 million and not more than approximately HK\$153 million, before expenses, by issuing not less than 3,000,120,000 rights shares and not more than 3,838,992,000 rights shares at a price of HK\$0.04 per rights share (the "Rights Issue"). The proposed right shares are issued in the proportion of ten rights shares for every share held on the record date. The aggregate number of rights shares to be issued pursuant to the terms of the Rights Issue represents 10 times of the issued share capital of the Company on the same date. The Rights Issue is subject to approval by the Company's shareholders (other than any of the directors (other than independent non-executive directors) and the chief executive of the Company and their respective associates if any of them has remained as a director and/or senior management of the Company and holds shares as at the date of the forthcoming extraordinary general meeting).

On the same date, a warrant subscription agreement ("Warrant Agreement") has been entered into between the Company and Ms. Leung Rui Ling, Florence, an independent third party whom was introduced by the investment manager of the Company. A total 59,983,200 unlisted warrants would be issued at an issue price of HK\$0.01 each under the Warrant Agreement with the subscription rights attaching to the warrants at an initial exercise price of HK\$0.33 (subject to adjustment) per each warrant share. A total of 59,983,200 new shares of HK\$0.01 each were issued by the Company upon full exercise of the warrants by Mr. Lu Kemin, as a result of the transfer of the warrant by Ms. Leung Rui Ling, Florence, being the initial subscriber of the warrant, pursuant to the Warrant Agreement on 19 September 2007.

On the same date, the Board also proposed to increase its authorised share capital from HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 shares of HK\$0.01 each.

CORPORATE INFORMATION

Directors

Executive Directors

Mr. Xiang Xin
Mr. Chan Cheong Yee
Mr. Kwok Chi Hung
Mr. Ng Tin Sang

Non-Executive Directors

Mr. Wang Qing Yu (*Chairman*)
Mr. Ng Kwong Chue, Paul

Independent Non-executive Directors

Mr. David Wang Xin
Mr. Zang Hong Liang
Mr. Lee Wing Hang

Company Secretary

Mr. Sze Lin Tang

Qualified Accountant

Mr. Wong Chak Keung

Registered Office

Century Yard, Cricket Square
Hutchins Drive, P.O.Box 2681 GT
George Town, Grand Cayman
Cayman Islands
British West Indies

Principal Place of Business in Hong Kong

Suites 2305-2307, 23rd Floor,
Two Chinachem Exchange Square,
338 King's Road,
North Point, Hong Kong

Principal Share Registrar

Butterfield Fund Services (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 705, George Town
Grand Cayman KY1-1107
Cayman Islands

Investment Manager

China Everbright Securities (HK) Ltd

Auditors

Graham H.Y. Chan & Co.
Certified Public Accountants (Practising)

Principal Banker

Bank of China (Hong Kong) Limited

Stock Code

1217

Website

www.1217.com.hk

Hong Kong Branch Share Registrar

Union Registrars Limited
Rooms 1901-02, Fook Lee Commercial Centre,
Town Place, 33 Lockhart Road
Wanchai, Hong Kong

Authorised Representatives

Mr. Xiang Xin
Mr. Sze Lin Tang

Audit Committee and Remuneration Committee

Mr. David Wang Xin (*Chairman*)
Mr. Zang Hong Liang
Mr. Lee Wing Hang

Nomination Committee

Mr. Xiang Xin
Mr. Chan Cheong Yee
Mr. David Wang Xin