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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)*

**(Stock code: 1217)**

**ACQUISITION OF 30% ISSUED SHARE CAPITAL OF  
TAKENAKA INVESTMENT COMPANY LIMITED  
AND  
RESUMPTION OF TRADING**

**Financial adviser**

**COMMERZBANK** 

**Commerzbank AG Hong Kong Branch**

**THE ACQUISITION**

The Board is pleased to announce that the Company, on 15 December 2007, entered into the Acquisition Agreement with the Vendor, pursuant to which, among other things, the Company has conditionally agreed to purchase from the Vendor (i) 30% of the issued share capital of Takenaka Investment and (ii) the shareholders' loan in the amount of US\$3,022,500 (equivalent to approximately HK\$23,575,500), for an aggregate consideration of HK\$38.70 million. The Consideration will be satisfied as to (i) HK\$11.61 million by cash and (ii) the remaining balance of HK\$27.09 million by the issue of the Consideration Shares at the Issue Price of HK\$0.15.

Takenaka Investment is an investment holding company and its principal assets mainly comprises its 65% indirect equity interest in Zhengjiang Copper Foils, a Sino-foreign joint venture company established in the PRC with limited liability and principally engaged in the manufacture and sale of copper foil materials for both civil and military uses.

## **GENERAL**

Application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in the Consideration Shares.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 17 December 2007 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in Shares with effect from 9:30 a.m. on 19 December 2007.

## **THE ACQUISITION AGREEMENT**

### **Date**

15 December 2007

### **Parties to the Acquisition Agreement**

Purchaser : The Company

Vendor : Mr. Guo Yi Jun, being an Independent Third Party interested in 95% of the issued share capital of Takenaka Investment

### **Assets to be acquired**

The Company has conditionally agreed to purchase from the Vendor (i) 30% of the issued share capital of Takenaka Investment and (ii) the shareholders' loan in the amount of US\$3,022,500 (equivalent to approximately HK\$23,575,500).

### **Conditions precedent to the completions of the Acquisition Agreement**

Completion of the Acquisition Agreement is subject to the following conditions having been fulfilled or waived (as the case may be):

- (i) the delivery of Takenaka Investment's relevant approval documents in respect of the Acquisition to the Company;
- (ii) the delivery of the Company's approval documents, including the relevant board minutes in respect of the Acquisition to the Vendor;
- (iii) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal, in the Consideration Shares; and
- (iv) the warranties given by the Vendor to the Company in all material aspects remaining true and accurate;

In the event that the above conditions cannot be fulfilled (or as the case may be, waived by the Company) on or before 31 January 2008 (or such later date as the Vendor and the Company may agree in writing), the Acquisition Agreement shall cease and be determined and neither party to the Acquisition Agreement shall have any obligation towards each other save for any antecedent breaches thereof and the Vendor shall forthwith and refund the Refundable Deposit (as defined below) within seven days thereafter. The Directors have confirmed that, as at the date of this announcement, conditions numbered (i), (ii) and (iv) have been fulfilled.

## **Completion**

Completion of the Acquisition shall take place on the second business day after all the conditions of the Acquisition Agreement have been fulfilled or waived or such later date as may be agreed between the Vendor and the Company.

## **Consideration**

The Consideration of HK\$38.70 million will be satisfied as to:

- (i) HK\$11.61 million by cash (the “Cash Consideration”); and
- (ii) the remaining balance of HK\$27.09 million by the issue of the 180,600,000 Consideration Shares at the Issue Price of HK0.15.

The Consideration was determined after arm’s length commercial negotiation between the Company and the Vendor, with reference to, among other things, the valuation (the “Valuation”) of Zhengjiang Copper Foils of approximately RMB385.00 million (equivalent to approximately HK\$404.25 million) as prepared by an independent valuer. The Company’s auditors have provided a letter indicating that they have reviewed the accounting policies and calculation for the forecast underlying the Valuation. The financial adviser has also provided a report confirming that the forecast underlying the Valuation was made by the Directors after careful and due enquiry. Having taken into account the effective equity interest of the Company of 19.5% in Zhengjiang Copper Foils after completion of the Acquisition, the Consideration represents a discount of approximately 50.91% to the aforesaid valuation of Zhengjiang Copper Foils. Accordingly, the Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and is in the interest of the Company and the Shareholders as a whole. The Company will make further announcement regarding the principal assumptions under the Valuation pursuant to Rule 14.62 of the Listing Rules.

### *The Cash Consideration*

Pursuant to the non-legally binding memorandum of understanding in respect of the Acquisition dated 16 November 2007, a refundable deposit of HK\$1.00 million (the “Refundable Deposit”) has been paid by the Company to the Vendor as earnest money. The Refundable Deposit will be applied to settle part of the Cash Consideration. If the completion of the Acquisition does not take place due to reasons which are not caused by the Directors, the Refundable Deposit will be refunded to the Company in full. It is expected that payment of the Cash Consideration will be financed by the internal resources of the Company.

### *The Consideration Shares*

The 180,600,000 Consideration Shares will be issued at the issue Price of HK\$0.15 per Consideration Share, credited as fully paid to satisfy part of the Consideration in the sum of HK\$27.09 million. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue, including the rights to all dividends, distribution and other payments which are declared, made or paid on or after the date of such allotment and issue.

As at the date of this announcement, there are 4,138,123,428 Shares in issue and the Consideration Shares represent:

- (i) approximately 4.36% of the issued share capital of the Company; and
- (ii) approximately 4.18% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

### *The Issue Price*

The Issue Price of HK\$0.15 was determined after arm's length commercial negotiation between the Company and the Vendor with reference to the average closing price of the Shares for the last 5 trading days up to and including the Last Trading Day. The Issue Price represents:

- (i) a discount of approximately 11.76% to the closing price of HK\$0.17 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 17.85% to the average closing price of approximately HK\$0.182 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 209.28% to the unaudited net asset value per Share as at 30 November 2007 of approximately HK\$0.0485 as disclosed in the Company's announcement dated 14 December 2007.

On the above basis, the Directors (including the independent non-executive Directors) consider that the Issue Price and the issue of the Consideration Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### *General Mandate to issue Shares*

The Consideration Shares will be allotted and issued pursuant to the unutilised Existing General Mandate amounting to 827,624,685 Shares as at the date of this announcement.

Application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Consideration Shares.

## **INFORMATION ON TAKENAKA INVESTMENT AND ZHENGJIANG COPPER FOIL**

### **Takenaka Investment**

Takenaka Investment is an investment holding company incorporated in the BVI with limited liability on 8 March 2005 and its issued share capital is owned as to 95% by the Vendor and the remaining 5% by an Independent Third Party. The principle assets of Takenaka Investment mainly comprise 65% indirect equity interest in Zhengjiang Copper Foils. Based on the unaudited financial statements of Takenaka Investment prepared under accounting principles generally accepted in Hong Kong, Takenaka Investment did not record any turnover, net profit before and after tax for the period from its date of incorporation to 31 December 2005 and the year ended 31 December 2006. As at 31 October 2007, the total asset value and the net liabilities of Takenaka Investment amounted to approximately HK\$78.57 million and HK\$0.001 million, respectively.

### **Zhengjiang Copper Foils**

Zhengjiang Copper Foils is a Sino-foreign joint venture established in the PRC with limited liability on 10 March 2006 and is principally engaged in the manufacture and distribution of copper foils (such as electrolysed copper foils) for civil and military uses. Its share capital is owned as to 65% and 35% by Takenaka Industry Company Limited, a wholly-owned subsidiary of Takenaka Investment, and an Independent Third Party, respectively. As advised by the Vendor, the plant and machineries of Zhengjiang Copper Foils were sourced from one of the major electrolysed copper foils manufacturers (the “Major Electrolysed Copper Foils Manufacturer”) in Japan, which will also provide Zhengjiang Copper Foils with a team of technicians to assist Zhengjiang Copper Foils in the installation and operation of these plant and machineries. In addition, the Major Electrolysed Copper Foils Manufacturer has transferred its relevant patented technologies for the production of high precision electrolysed copper foils and other copper foils products to Zhengjiang Copper Foils.

Based on the audited financial statements and unaudited financial statements of Zhengjiang Copper Foils for the year ended 31 December 2006 and the ten months ended 31 October 2007 prepared under the PRC accounting standards, Zhengjiang Copper Foils did not record any turnover, net profit before and after tax for the periods under review. As at 31 October 2007, the total asset value and the net asset value of Zhengjiang Copper Foils amounted to approximately RMB154.90 million (equivalent to approximately HK\$162.65 million) and RMB122.56 million (equivalent to approximately HK\$128.69 million) respectively.

## **REASONS FOR THE ACQUISITION**

Electrolyzed copper foil is one of key component in producing printed circuits boards which are commonly used in the production of a wide spectrum of traditional and hi-tech electronic products for purposes ranging from civil uses such as electronic products (including personal computers, mobile phones and other home appliances to the electronic components used in vehicles) to military uses (such as machines and electronic equipments developed for aviation and national defenses purposes). As such, there has been a vast demand for electrolysed copper foils in the PRC, the production base of numerous domestic and foreign manufacturing companies engaged in production of hi-tech electronic products. The advancement of information technology has also generated a rising market demand for high precision electrolysed copper foils. However, when compared with other developed Asian countries such as Japan which has a number of renowned leading producers of advance electronic products, most PRC enterprises in the electronic industries are still in the process of developing of their own technical know-how, and many of them still rely on imported technical expertise.

Having considered the facts that (i) the plants and machineries of Zhengjiang Copper Foils are imported from one of the leading electrolysed copper foils manufacturers in Japan; (ii) the Major Electrolysed Copper Foils Manufacturer has transferred its technical patent in the production of high precision electrolysed copper foils to Zhengjiang Copper Foils; (iii) Zhengjiang Copper Foils will be provided with a team of professional technicians by the Major Electrolysed Copper Foils Manufacturer for the installation of the plants and machineries purchased by Zhengjiang Copper Foils and the development of the aforesaid patented technical know-how in relation to the production of high precision electrolysed copper foils and other relevant copper foils products, the Directors consider that the aforesaid arrangement will allow Zhengjiang Copper Foils to become one of the leading and most competitive copper foils (including electrolysed copper foils) producers in the PRC.

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. As stated in the Company's prospectus dated 11 October 2007 in respect of a rights issue, it is the Company's investment strategy to participate, as a financial investor, in the state-owned enterprises engaged in the national defense and military industries, particularly, those engaged in the commercialisation and development of technologies used in military for commercial and civil application. As the national defense and military industries become more advanced, the Directors expect that the demand for high precision electronic components such as advanced printed circuit boards (including electrolysed copper foils) will grow. The Directors consider that the Acquisition will supplement its future investment in the national defense and military industries, including, but not limited to, the unmanned aircraft projects. As such, the Directors (including the independent non-executive Directors) consider that the Acquisition is in the interests of the Company and the Shareholders as a whole.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 17 December 2007 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in Shares with effect from 9:30 a.m. on 19 December 2007.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise

“Acquisition”	the acquisition of the 30% issued share capital of Takenaka Investment by the Company under the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 15 December 2007 entered into between the Company and the Vendor in relation to the Acquisition
“Board”	the board of Directors
“BVI”	British Virgin Islands

“Company”	Sino Technology Investments Company Limited 中國創新投資有限公司, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	the consideration of HK\$38.7 million for the Acquisition
“Director(s)”	the director(s) of the Company
“Earnest Money”	HK\$1 million, being the conditionally refundable earnest money deposited by the Company pursuant to the memorandum of understanding signed by the Company in respect of the Acquisition
“Existing General Mandate”	the general mandate to authorise the Directors to allot and issue up to 827,624,685 Shares pursuant to the resolution passed at the extraordinary general meeting of the Company held on 11 December 2007
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) which is/are third party(ies) independent of the Company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are not connected person(s) as defined under the Listing Rules
“Last Trading Day”	14 December 2007, being the last trading day before the suspension of trading in the Shares pending to the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shares”	the ordinary shares of the Company with par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takenaka Investment”	Takenaka Investment Company Limited, a company incorporated in the BVI and an Independent Third Party
“Vendor”	郭軼軍 (Guo Yi Jun*), an Independent Third Party, holding 95% of the issued share capital of Takenaka Investment
“Zhengjiang Copper Foils”	鎮江藤枝銅箔有限公司 (Zhengjiang Fujieda Copper Foil Company Limited*), a Sino-foreign cooperative joint venture established in the PRC

\* *for identification purpose only*

“HK\$”

Hong Kong dollar, the lawful currency of Hong Kong

“US\$”

United States dollar, the lawful currency of the United States of America

By order of the Board  
**SINO TECHNOLOGY INVESTMENTS COMPANY LIMITED**  
**Xiang Xin**  
*Executive Director and Chief Executive Officer*

Hong Kong, 18 December 2007

*All amounts in US\$ and RMB have been translated in HK\$ at a rate of US\$1 = HK\$7.8 and RMB1 = HK\$1.05, respectively in this announcement for illustration purpose only.*

*As at the date of this announcement, the executive Directors of the Company are Mr. Xiang Xin, Mr. Chan Cheong Yee and Mr. Wong Chak Keung; the non-executive Directors are Mr. Wang Qing Yu (Chairman) and Mr. Ng Kwong Chue, Paul; the independent non-executive Directors are Mr. David Wang Xin, Mr. Zang Hong Liang and Mr. Lee Wing Hang.*