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SINOTRONICS HOLDINGS LIMITED

華翔微電子控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1195)

DISCLOSEABLE TRANSACTION

ACQUISITION OF FURTHER EQUITY INTEREST IN FUJIAN FUQIANG DELICATE CIRCUIT PLATE CO., LTD.

On 28 December 2006, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor pursuant to which the Purchaser agreed to acquire and the Vendor agreed to transfer a 5% equity interest in Fujian Fuqiang at a consideration of RMB15,000,000 (equivalent to approximately HK\$14,916,468) such that the Purchaser's equity interest in Fujian Fuqiang will be increased from 95% to 100%. The Consideration will be payable in cash by the Purchaser to the Vendor by instalments. Following the Acquisition, Fujian Fuqiang will become an indirect wholly-owned subsidiary of the Company.

The Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. A circular containing, amongst others, further details of the Acquisition will be despatched to the Shareholders as soon as practicable.

THE ACQUISITION AGREEMENT

Date and parties to the Acquisition:

Date: 28 December 2006

Vendor: Fujian Furi Electronics Co., Ltd., the principal business of which is the manufacture and sale of televisions, computers and computer accessories, telecommunication products and electronic components. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for the Vendor's 5% equity interest in Fujian Fuqiang, the Vendor is a third party independent of the Group and connected persons (as defined in the Listing Rules) of the Group. Save for the 5% equity interest in Fujian Fuqiang held via the Vendor, the beneficial owners of the Vendor are independent third parties to the Group.

Purchaser: Superford Holding Limited, a wholly-owned subsidiary of the Company

The Acquisition:

The Purchaser agreed to acquire and the Vendor agreed to transfer a 5% equity interest in Fujian Fuqiang such that the Purchaser's equity interest in Fujian Fuqiang will be increased from 95% to 100%.

Consideration:

The Consideration for the Acquisition is RMB\$15,000,000 (equivalent to approximately HK\$14,916,468), which will be payable in cash by the Purchaser to the Vendor by instalments as follows:-

- (i) RMB10,000,000 shall be paid before 31 December 2006;
- (ii) RMB2,000,000 shall be paid before 30 June 2007; and
- (iii) RMB3,000,000 shall be paid before 30 December 2007.

The first instalment of RMB10,000,000 has been paid by the Purchaser to the Vendor on 29 December 2006.

The Consideration was arrived at after arm's length negotiation and is on normal commercial terms. The Consideration was determined by the parties having regard to the registered capital and net asset value of Fujian Fuqiang in the amount of RMB92,000,000 and RMB627,864,000 respectively as at 30 June 2006. The Consideration will be financed by the Company's internal resources.

Pursuant to the terms of the Acquisition Agreement, the Purchaser shall be responsible for completing the relevant PRC procedures, including the filing of the change in the shareholding of Fujian Fuqiang with the competent PRC government authorities, and the Vendor shall assist accordingly.

The Directors are of the view that the terms of the Acquisition Agreement including the Consideration are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Information on Fujian Fuqiang:

The sole business of Fujian Fuqiang is the manufacturing and trading of PCBs. Fujian Fuqiang was incorporated in the PRC on 20 March 1996 with registered capital of RMB92,000,000, credited as fully paid. The audited accounts of Fujian Fuqiang are prepared using the same accounting standard of the Company. Based on the audited accounts of 2005, Fujian Fuqiang reported a profit before and after taxation of approximately RMB137,009,000 and RMB118,734,000 respectively for the year ended 30 June 2005 and had a net assets value of approximately RMB516,968,000 as at 30 June 2005. Based on the audited accounts of 2006, Fujian Fuqiang reported a profit before and after taxation of approximately RMB150,587,000 and RMB128,417,000 respectively for the year ended 30 June 2006 and had a net assets value of approximately RMB627,864,000 as at 30 June 2006.

Reasons for and benefits of the Acquisition:

The Group is principally engaged in the manufacturing and sales of PCBs and PCBs assembling products and provision for surface mount technology processing service.

Following the Acquisition, Fujian Fuqiang will become an indirect wholly-owned subsidiary of the Company. The Board is of the view that the Acquisition is a good opportunity to further consolidate its control over, and increase its share of the benefits derived from, Fujian Fuqiang.

GENERAL

The Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. A circular containing, amongst others, further details of the Acquisition will be despatched to the Shareholders as soon as practicable.

TERMS USED IN THIS ANNOUNCEMENT

“Acquisition” the acquisition by the Purchaser from the Vendor of a 5% equity interest in Fujian Fuqiang pursuant to the Acquisition Agreement

“Acquisition Agreement”	the equity transfer agreement (in Chinese) entered into between the Vendor and the Purchaser dated 28 December 2006 in connection with the Acquisition
“Board”	the board of Directors
“Company”	Sinotronics Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	the consideration of RMB15,000,000 for the Acquisition under the Acquisition Agreement
“Director(s)”	the director(s) of the Company
“Fujian Fuqiang”	福建福強精密印制綫路板有限公司 (Fujian Fuqiang Delicate Circuit Plate Co., Ltd.), a sino-foreign joint venture established in the PRC on 20 March 1996, which is owned as to 95% by the Purchaser and as to 5% by the Vendor as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PCBs”	printed circuit boards
“PRC”	the People’s Republic of China
“Purchaser”	Superfold Holding Limited, a company incorporated in the British Virgin Islands on 5 January 2000 with limited liability and is wholly-owned by the Company
“RMB”	Renminbi, the lawful currency of PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	福建福日電子股份有限公司 (Fujian Furi Electronics Co., Ltd.), a joint stock company established in the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
SINOTRONICS HOLDINGS LIMITED
Liu Zhao Cai
Chairman

Hong Kong, 2 January 2007

* For identification purpose only

As at the date of this announcement, the Board comprises Mr. Liu Zhao Cai, Mr. Lin Wan Qaing, Mr. Xiang Song, Mr. Hu Zhao Rui and Mr. Tong Yiu On as executive directors, and Mr. Pan Chang Chi, Mr. Cai Xun Shan and Mr. Cheung Chuen as independent non-executive directors.

In this announcement, RMB has been converted to HK\$ at the rate of RMB1.0056 = HK\$1 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

*Please also refer to the published version of this announcement in **The Standard**.*