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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)**

**UNION DAY GROUP LIMITED**

**朝聯集團有限公司**

*(Incorporated in the British Virgin Islands with limited liability)*

**(i) PLACING OF 41.17% SHARES BY THE CONTROLLING SHAREHOLDER**

**(ii) MANDATORY CONDITIONAL GENERAL OFFER**

**AND**

**(iii) RESUMPTION OF TRADING**

**Financial adviser to the Offeror**



禹銘投資管理有限公司  
YU MING INVESTMENT MANAGEMENT LIMITED

**PLACING OF 41.17% INTEREST BY THE CONTROLLING SHAREHOLDER**

Further to the Open Offer Announcement dated 17th November, 2009, the Board was informed by Mr. Lin that he has placed his entire shareholding in the Company of 230,131,780 Shares, representing approximately 41.17% of the issued share capital of the Company, to the Offeror at the placing price of HK\$0.18 per Share. Completion of the Placing took place on 23rd November, 2009.

**MANDATORY CONDITIONAL GENERAL OFFER**

As at the date of this announcement, the Offeror is interested in 230,131,780 Shares, representing approximately 41.17% of the issued share capital of the Company, thereby triggering an obligation to make a mandatory conditional cash offer for all the Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

Yu Ming, financial adviser to the Offeror, will make the General Offer on behalf of the Offeror in compliance with the Takeovers Code, which is conditional upon the Offeror having received acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the General Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights, on the following terms:

For every General Offer Share . . . . . HK\$0.18 in cash

On the basis of the General Offer Price of HK\$0.18 per Share and 558,965,000 Shares in issue as at the date of this announcement, the entire issued share capital of the Company is valued at HK\$100,613,700. Based on 328,833,220 General Offer Shares as at the date of this announcement, the total consideration of the General Offer amounts to approximately HK\$59,189,980. Based on 493,249,830 General Offer Shares upon completion of the Open Offer (on the basis that the Offeror will take up its entitlement in full under the Open Offer), the total consideration of the General Offer amounts to approximately HK\$88,784,970.

#### **OPEN OFFER SHARES**

As stated in the Open Offer Announcement dated 17th November, 2009, the Company implements the Open Offer on the basis of 1 Open Offer Share for every 2 Shares held by the Qualifying Shareholders on the Record Date. As at the date of this announcement, the Company has 558,965,000 Shares in issue. The Open Offer is on fully underwritten basis by the Underwriter and Sub-Underwriters.

The Offeror has undertaken to the Company that it will take up its entitlement under the Open Offer in full. Upon Completion of the Open Offer, an additional 279,482,500 Open Offer Shares will be issued, amongst which 164,416,610 Shares will be subject to acceptance by the Qualifying Shareholders other than the Offeror and parties acting in concert with it. It is expected that the Open Offer Shares will be issued before the completion of the General Offer. Therefore, the General Offer will be extended to the Open Offer Shares not held by the Offeror and parties acting in concert with it.

#### **CONDITION OF THE GENERAL OFFER**

The General Offer, to be made by Yu Ming on behalf of the Offeror, will be subject to the Offeror having received acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired by it and parties acting in concert with it before or during the General Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights in the Company.

## **COMPOSITE OFFER DOCUMENT**

A composite offer document will be despatched to the Independent Shareholders in due course and in compliance with the requirements of the Takeovers Code. The composite offer document will include, among others, full terms of the General Offer, the expected timetable, the recommendation of the Independent Board Committee and the advice from the independent financial adviser in respect of the General Offer, accompanied by the forms of acceptance and transfer for the Shares.

## **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 23th November, 2009 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 25th November, 2009.

## **PLACING OF 41.17% INTEREST BY THE CONTROLLING SHAREHOLDER**

The Company stated in the Open Offer Announcement dated 17th November, 2009 that it entered into the Settlement Agreement with Deutsche Bank AG for the settlement of the Writ and that Mr. Lin intended to place part or all of the Sale Shares in order to finance his payment obligation under the Deed of Indemnity in light of the Settlement Agreement. Subsequent to the Open Offer Announcement, the Board was informed by Mr. Lin that he placed the Sale Shares, being his entire shareholding in the Company of 230,131,780 Shares, representing approximately 41.17% of the issued share capital of the Company, to the Offeror at the placing price of HK\$0.18 per Share. The completion of the Placing took place on 23rd November, 2009.

## **MANDATORY CONDITIONAL GENERAL OFFER**

As at the date of this announcement, save for the sub-underwriting obligation under the Sub-underwriting Agreements as disclosed below, the Offeror holds 230,131,780 Shares, representing approximately 41.17% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Offeror and parties acting in concert with it are third parties independent to the Company and the Directors.

Yu Ming, financial adviser to the Offeror, will make the General Offer on behalf of the Offeror in compliance with the Takeovers Code, on the following terms and subject to the condition set out further below in this announcement:

For every General Offer Share . . . . . HK\$0.18 in cash

The General Offer Price of HK\$0.18 represents:

- (i) a discount of approximately 34.55% to the closing price of HK\$0.275 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 47.21% to the average closing price of HK\$0.341 per Share for the 10 trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 50.48% to the average closing price of HK\$0.364 per Share for the 30 trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 86.05% to the audited consolidated net asset value per Share of approximately HK\$1.29 as at 30th June, 2009 calculated based on the net asset value of the Company of RMB 634,465,000 (approximately HK\$720,245,000) and 558,965,000 Shares in issue as at the date of this announcement.

### **Open Offer Shares**

As disclosed in the Open Offer Announcement dated 17th November, 2009, the Company implements the Open Offer on the basis of 1 Open Offer Share for every 2 Shares held by the Qualifying Shareholders on the Record Date. As at the date of this announcement, the Company has 558,965,000 Shares in issue. The Open Offer is on fully underwritten basis by the Underwriter and Sub-Underwriters.

The Offeror has undertaken to the Company that it will take up its entitlement under the Open Offer in full. Upon completion of the Open Offer, an additional 279,482,500 Open Offer Shares will be issued, amongst which 164,416,610 Shares will subject to acceptance by the Qualifying Shareholders other than the Offeror and parties acting in concert with it. It is expected that the Open Offer Shares will be issued before the completion of the General Offer. Therefore, the General Offer will be extended to the Open Offer Shares not held by the Offeror and parties acting in concert with it.

### **Condition of the General Offer**

The General Offer, to be made by Yu Ming on behalf of the Offeror, will be subject to the Offeror having received acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired by it and parties acting in concert with it before or during the General Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights in the Company.

## **Value of the General Offer**

Based on 328,833,220 General Offer Shares as at the date of this announcement, the total consideration of the General Offer amounts to approximately HK\$59,189,980. Based on 493,249,830 General Offer Shares upon completion of the Open Offer, which is on a fully underwritten basis, the total consideration of the General Offer amounts to approximately HK\$88,784,970.

## **Confirmation of financial resources**

The Offeror and parties acting in concert with it will use their internal resources to implement the General Offer. Yu Ming is satisfied that sufficient financial resources are available to the Offeror and parties acting in concert with it for the full implementation of the General Offer.

## **Payment**

Payment in cash in respect of the acceptances of the General Offer will be made within 10 days of the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and valid or when the General Offer has become or declared unconditional, whichever is the later.

## **Stamp Duty**

Seller's ad valorem stamp duty for the Shares arising in connection with acceptances of the General Offer payable by the relevant Shareholders at the rate of HK\$1 for every HK\$1,000 or part thereof of the market value of the Shares to be acquired by the Offeror under the General Offer or the consideration payable by the Offeror in respect of relevant acceptances of the General Offer, whichever is the higher, will be deducted from the cash amount due to such Shareholders under the General Offer.

## **Other Arrangements**

There has been no arrangement in relation to the Shares which might be material to the General Offer. There has been no agreement or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the General Offer.

## **HIGHEST AND LOWEST SHARE PRICES**

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period preceding the Last Trading Day prior to the suspension of trading in the Shares were HK\$0.455 on 8th September, 2009 and HK\$0.275 on 20th November, 2009 respectively.

## **INFORMATION ON THE COMPANY**

The Company was incorporated in the Cayman Islands with limited liability and engaged in the manufacturing and selling of PCBs, PCBs assembling products and providing mount technology processing service.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The Offeror has undertaken to the Company that it will take up its entitlement in full under the Open Offer. The Shareholding structure of the Company before and upon completion of the Open Offer and Shares to be subject to the General Offer will be as follows:

Shareholder	As at the date of this announcement		Immediately After completion of the Open Offer (assuming all Offer Shares will be taken up by the Qualifying Shareholders)		Immediately after completion of the Open Offer (assuming no Offer Shares will be taken up by the Qualifying Shareholders other than the Offeror)	
	Shares	%	Shares	%	Shares	%
The Offeror	230,131,780	41.17%	345,197,670	41.17%	345,197,670	41.17%
Sub-Underwriters ( <i>Note 1</i> )						
Mr. Zhan Hong Wei	—	0.00%	—	0.00%	110,000,000	13.12%
The Offeror ( <i>Note 2</i> )	—	0.00%	—	0.00%	54,416,610	6.49%
<b>Subtotal of the Offeror and parties acting in concert with it</b>	<b>230,131,780</b>	<b>41.17%</b>	<b>345,197,670</b>	<b>41.17%</b>	<b>509,614,280</b>	<b>60.78%</b>
Atlantis Investment Management Limited	45,000,000	8.05%	67,500,000	8.05%	45,000,000	5.37%
Webb David Michael	33,004,000	5.90%	49,506,000	5.90%	33,004,000	3.94%
Other Shareholders	250,829,220	44.88%	376,243,830	44.88%	250,829,220	29.91%
<b>Public subtotal</b>	<b>328,833,220</b>	<b>58.83%</b>	<b>493,249,830</b>	<b>58.83%</b>	<b>328,833,220</b>	<b>39.22%</b>
<b>Total</b>	<b>558,965,000</b>	<b>100.00%</b>	<b>838,447,500</b>	<b>100.00%</b>	<b>838,447,500</b>	<b>100.00%</b>

Notes:

- (1) The Offeror and Mr. Zhan Hong Wei are the Sub-Underwriters for the Open Offer on a fully underwritten basis. Mr. Zhan Hong Wei is a party acting in concert with the Offeror.
- (2) The sub-underwriting obligation of the Offeror under the Sub-underwriting Agreements for the Open Offer includes underwriting of 169,482,500 Open Offer Shares. Subsequent to the Sub-underwriting Agreements, Mr. Lin placed his entire shareholding to the Offeror. The Offeror has given irrevocable undertaking to the Company to take up all of its entitlement under the Open Offer. Upon deduction of the Offeror's entitlement under the Open Offer as a Shareholder, the underwriting obligation of the Offeror under the Sub-underwriting Agreement will be reduced to 54,416,610 Open Offer Shares.

As at the date of this announcement, (i) other than the Shares, the Company does not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares, and (ii) the Offeror and parties acting in concert with it do not own any relevant securities in the Company other than those disclosed above.

### **INFORMATION ON THE OFFEROR**

The Offeror is a company incorporated in the British Virgin Islands with limited liability on 9th January, 2008. The Offeror is wholly and beneficially owned by Mr. Sze Ming Yee. The Offeror has not carried out any business other than the acquisition of the Sale Shares. Mr. Sze Ming Yee has more than 15 years experience in property development and investment and is currently engaged in property development primarily in the PRC, primarily in Wenzhou. He also invests in securities in the PRC. He holds a master degree from Zhejiang University. Mr. Sze has acquainted Mr. Zhan Hong Wei, one of the Sub-Underwriters and a party acting in concert with the Offeror, through normal business contacts.

Other than the Placing and the Sub-underwriting Agreements for the Open Offer, the Offeror and parties acting in concert with it have not (i) dealt in the Shares in the six-month period up to the date of this announcement, (ii) entered into any contracts in relation to the outstanding derivatives in respect of securities in the Company, (iii) received an irrevocable commitment to accept the General Offer; (iv) borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

### **OFFEROR'S INTENTION ON THE GROUP AND THE LISTING STATUS**

The Offeror intends that the Group will continue its existing principal activities after the close of the General Offer. The Offeror will nominate two directors to the Board, and will discuss with the Directors about certain changes to the Board as soon as possible after the despatch of the composite offer document. Given the competitive environment in the electronic manufacturing services sector, and the losses of the Group in the year ended 30th June, 2009, the Offeror's initial review suggests the need of cost cutting, increase in expenditure in new product development, and investment in efficiency improvement amongst the manufacturing facilities. Save for the above, the Offeror has no intention to introduce significant change to the existing management and directorship of the Company (including the continued employment of employees and any redeployment of the fixed assets of the Group).

The Offeror intends to maintain the listing of the Shares on the Stock Exchange.

### **DEALINGS DISCLOSURE**

The respective associates of the Offeror and the Company are reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code.



Stockbrokers, banks and others who deal in the Shares on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rules 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules under the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security (which is in this case the Shares) undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive under the Takeovers Code in its dealings enquires. Therefore, those who deal in the relevant securities (and in this case, the Shares) should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

## **GENERAL**

The Independent Board Committee, comprising all non-executive directors of the Company, will be established to advise the Independent Shareholders in respect of the General Offer. An independent financial adviser will be appointed to advise the Independent Board Committee in respect of the General Offer. A further announcement will be made upon such appointment.

A composite offer document will be despatched to the Independent Shareholders in due course and in compliance with the requirements of the Takeovers Code. The composite offer document will include, among others, full terms of the General Offer, the expected timetable, the recommendation of the Independent Board Committee and the advice from the independent financial adviser in respect of the General Offer, accompanied by the forms of acceptance and transfer for the Shares.

## **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 23th November, 2009 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 25th November, 2009.



## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

- “Board” the board of Directors, or the executive committee established by the board of Directors with the full power of the Board;
- “Business Day” a day on which banks are generally open for normal banking business in Hong Kong other than Saturdays and Sundays;
- “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;
- “Deed of Indemnity” the deed of indemnity dated 12th December, 2007 executed by Mr. Lin in favour of the Company in which Mr. Lin agreed to perform the interest payment obligation of the Company under the Swap Agreements and is obliged to indemnify the Company against all liabilities, claims, damages, costs and expenses which the Company may suffer by reason of his failure in performance of the said obligation;
- “Director(s)” director(s) of the Company;
- “Excluded Shareholder(s)” Overseas Shareholder(s) in respect of whom the Directors, based on legal advice, consider it necessary or expedient not to offer the Offer Shares on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place;
- “Executive” the executive director of the corporate finance division of the Securities and Futures Commission of Hong Kong or any of his delegates;
- “General Offer” the mandatory conditional cash offer to be made by Yu Ming on behalf of the Offeror for the Shares not already acquired or agreed to be acquired by the Offeror and parties acting in concert with it;
- “General Offer Price” the offer price of HK\$0.18 per General Offer Share;
- “General Offer Share(s)” Share(s) that are subject to the General Offer;
- “Group” the Company and its subsidiaries;
- “HK\$” Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent board committee of the Company comprising all non-executive Directors, to be formed for the purposes of the General Offer;
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and parties acting in concert with it;
“Last Trading Day”	20th November, 2009, being the last trading day before the suspension of trading in the Shares on the Stock Exchange;
“Mr. Lin”	Mr. Lin Wan Qaing, former controlling Shareholder of the Company holding 230,131,780 Shares (representing approximately 41.17% of the issued share capital of the Company) prior to the completion of the Placing;
“Offeror”	Union Day Group Limited, a company incorporated in the British Virgin Islands with limited liability;
“Open Offer”	the proposed open offer announced by the Company on 17th November, 2009 on the basis of 1 Open Offer Share for every 2 Shares held by the Qualifying Shareholders on the Record Date;
“Open Offer Announcement”	the announcement of the Company dated 17th November, 2009 relating to, <i>inter alia</i> , the update on Writ, resignation of executive director and the Open Offer;
“Open Offer Shares”	new Shares to be issued under the Open Offer;
“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company on the Record Date and whose addresses as shown on such register are outside Hong Kong;
“party(ies) acting in concert”	has the same meaning set out in the Takeovers Code;
“Placing”	the placing of 230,131,780 Shares to the Offeror by Mr. Lin;
“PRC”	the People’s Republic of China;
“Qualifying Shareholders”	the Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s);
“Record Date”	the time and date by reference to which entitlements of the Qualifying Shareholders to subscribe for the Offer Shares are to be determined;

“Registrar”	Hong Kong Registrars Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong;
“Sale Shares”	230,131,780 Share beneficially owned by Mr. Lin before completion of the Placing;
“Settlement Agreement”	the settlement agreement entered into between the Company and Deutsche Bank AG on 16th November, 2009;
“SFC”	The Securities and Futures Commission in Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holders of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sub-Underwriters”	the Offeror and Mr. Zhan Hong Wei, sub-underwriting 169,482,500 Shares and 110,000,000 Shares under the Open Offer respectively;
“Sub-underwriting Agreements”	Sub-underwriting Agreements dated 20th November, 2009 entered into between the Underwriter and the Sub-Underwriters to underwrite the Open Offer Shares;
“Swap Agreements”	the structured interest rate swap agreements entered into by the Company with Deutsche Bank AG on 8th February, 2007 and 11th April, 2007 respectively;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Underwriter”	Upbest Securities Limited, a company incorporated in Hong Kong with limited liability and a corporation licensed under the Securities and Futures Ordinance to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management);
“Writ”	the writ of summons dated 31st March, 2009 filed by Deutsche Bank AG as plaintiff and the Company as defendant in a claim arising from the Swap Agreements;

“Yu Ming” Yu Ming Investment Management Limited, a company incorporated in Hong Kong with limited liability and a corporation licensed under the Securities and Futures Ordinance to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management), being the financial adviser to the Offeror;

“%” per cent.

*(The exchange rate used for the purpose of this announcement is at RMB1 = HK\$1.1352)*

Yours faithfully,  
For and on behalf of  
**UNION DAY GROUP LIMITED**  
**Sze Ming Yee**  
*Director*

Yours faithfully,  
For and on behalf of  
**SINOTRONICS HOLDINGS LIMITED**  
**Lin Wan Xin**  
*Chairman*

Hong Kong, 25th November, 2009

*As at the date of this announcement, the Board comprises Mr. Lin Wan Xin, Mr. Xiang Song, Mr. Hu Zhao Rui, Mr. Tu Shuguang and Mr. Chan Kin as executive Directors, and Mr. Pan Chang Chi, Mr. Cai Xun Shan and Mr. Cheung Chuen as independent non-executive Directors. The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement by the Company have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the directors of the Offeror consist of Mr. Sze Ming Yee and Ms. Xu Yue Yue. The directors of the Offeror jointly and severally accept full responsibility for the accuracy of information contained in this announcement (other than those relating to the Company) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in the announcement misleading.*

*\* for identification purposes only*