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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)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING**

**Placing Agent**



**英皇證券(香港)有限公司  
Emperor Securities Limited**

#### **PLACING OF NEW SHARES**

On 15 March 2010, the Company entered into the Placing Agreement with the Placing Agent whereby the Company agreed to place, through the Placing Agent, on a best endeavour basis, a maximum of 111,792,000 new Shares to not less than six Places at a price of HK\$0.369 per Placing Share.

The maximum of 111,792,000 Placing Shares represent approximately (i) 11.76% of the issued share capital of the Company as at the date of this announcement; and (ii) 10.53% of the issued share capital of the Company as enlarged by the issue of a maximum of 111,792,000 Placing Shares.

The Placing Price represents (i) a discount of approximately 19.78% to the closing price of HK\$0.460 per Share as quoted on the Stock Exchange on 12 March 2010, being the last trading day of the Shares prior to the Placing Agreement; and (ii) a discount of approximately 19.96% to the average closing price of HK\$0.461 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 12 March 2010.

The aggregate gross proceeds from the Placing will be approximately HK\$41.25 million. The Company intends to use the net proceeds of approximately HK\$39.60 million from the Placing for general working capital.

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

**Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

#### **SUSPENSION AND RESUMPTION OF TRADING**

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 15 March 2010 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 16 March 2010 following the publication of this announcement.

#### **THE PLACING AGREEMENT**

##### **Date**

15 March 2010

##### **Issuer**

The Company

##### **Placing Agent**

Emperor Securities Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

##### **Placees**

The Placing Shares will be placed to not less than six Placees, who are independent institutional, professional and/or individual investors and not concert parties with the controlling Shareholder(s) (if any) (as defined under the Takeovers Code), and not connected with any directors, chief executive or substantial shareholder (if any) of the Company or its subsidiaries and their respective associates. It is not expected that any of the Placees will become a substantial Shareholder as a result of the Placing.

## **Placing Shares**

Pursuant to the Placing Agreement, the Placing Agent agreed to procure, on a best endeavour basis, not less than six Placées to subscribe for a maximum of 111,792,000 Placing Shares at the Placing Price. The maximum of 111,792,000 Placing Shares represent approximately (i) 11.76% of the issued share capital of the Company as at the date of this announcement; and (ii) 10.53% of the issued share capital of the Company as enlarged by the issue of a maximum of 111,792,000 Placing Shares. The aggregate nominal value of the maximum number of 111,792,000 Placing Shares is HK\$11,179,200.

## **Placing Price**

The Placing Price represents (i) a discount of approximately 19.78% to the closing price of HK\$0.460 per Share as quoted on the Stock Exchange on 12 March 2010, being the date of the last trading day of the Shares prior to the Placing Agreement; and (ii) a discount of approximately 19.96% to the average closing price of HK\$0.461 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 12 March 2010.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares.

The Directors consider that the terms of the Placing Agreement (including the Placing Price) are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

## **Conditions precedent to the Placing Agreement**

Completion of the Placing is conditional upon fulfillment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares; and
- (ii) any other approvals as may be required for the Placing.

The Placing Agreement shall automatically become null and void and of no effect if the conditions set forth above remain unfulfilled on 30 April 2010 or such date mutually agreed by both the Company and the Placing Agent and in such event either party shall have no claim against each other, save for those expressly reserved and agreed in the Placing Agreement.

## **Termination and force majeure**

The Placing Agreement may be terminated by the Placing Agent if at any time at or before 10:00 a.m. on the date of completion of the Placing Agreement, there occurs:

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company;
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not of the same nature with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing;
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the sole and absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing;
- (iv) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement;
- (v) any adverse change in the business, financial or trading position of any member of the Group which is material to the Placing; or
- (vi) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any respect or would in any respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group or will otherwise likely to have a material prejudicial effect on the Placing.

## Completion

Completion of the Placing shall take place within two Business Days after all the conditions as set out in the Placing Agreement are fulfilled or such other date to be agreed between the Company and the Placing Agent.

## Placing commission

The Placing Agent shall receive a placing commission of 3.75% of the amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed.

## General Mandate

The maximum of 111,792,000 Placing Shares will be issued and allotted under the General Mandate. As at the date of this announcement, the General Mandate has not been utilized since it was granted and the number of new Shares that could be issued by the Company under the General Mandate is 111,793,000 Shares.

## Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement and (ii) upon completion of the Placing, assuming a maximum of 111,792,000 Placing Shares are successfully placed by the Placing Agent.

	As at the date of this announcement		Upon completion of the Placing	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Union Day Group Limited ( <i>Note 1</i> )	345,778,539	36.39	345,778,539	32.56
The Placees ( <i>Note 2</i> )	—	—	111,792,000	10.53
Other public Shareholders	<u>604,461,961</u>	<u>63.61</u>	<u>604,461,961</u>	<u>56.91</u>
Total	<u>950,240,500</u>	<u>100.00</u>	<u>1,062,032,500</u>	<u>100.00</u>

### Notes:

1. Mr. Sze Ming Yee, a director of the Company, is the controlling shareholder of Union Day Group Limited. By virtue of the SFO, Mr. Sze is deemed to have interest in the 345,778,539 Shares.
2. Pursuant to the Placing Agreement, the Placing Agent agreed to procure that the Placees and their ultimate beneficial owners shall be third parties independent of and not connected with the Company and its connected persons. Therefore, the Placees are treated as public Shareholders.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

<b>Date of announcement</b>	<b>Capital raising activity</b>	<b>Net proceeds raised</b> <i>(approximately)</i>	<b>Proposed use of the net proceeds</b>	<b>Actual use of the net proceeds</b>
16 December 2009	Placing of 111,793,000 new Shares	HK\$40.5 million	To be used for general working capital and for settle payment for which the Company is liable under the Settlement Agreement	used as intended
17 November 2009	Open offer on the basis of one offer share for every two shares held at HK\$0.18 per offer share	HK\$45.0 million	To be used for settle payment for which the Company is liable under the Settlement Agreement	used as intended

Save as disclosed above, the Company had not carried out any equity fund raising exercise in the 12-month period immediately preceding the date of this announcement.

### REASONS FOR THE PLACING AND USE OF THE PROCEEDS

The Company acts as an investment holding company and the Group is principally engaged in the manufacture and sale of printed circuit boards (“PCBs”) and PCBs assembling products and the provision for surface mount technology processing services.

The gross proceeds from the Placing will be approximately HK\$41.25 million. The Company intends to use the net proceeds of approximately HK\$39.60 million from the Placing for general working capital. The net price will be approximately HK\$0.354 per Placing Share.

The Directors are of the view that the Placing allows the Company to broaden the Shareholders’ base and to strengthen the financial position of the Group. The Placing will enhance the Group’s flexibility in future business developments or investments as and when opportunities arise. Accordingly, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole.

### GENERAL

The Placing is not subject to Shareholders’ approval as the Placing Shares will be issued under the General Mandate.

**Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **SUSPENSION AND RESUMPTION OF TRADING**

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 15 March 2010 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 16 March 2010 following the publication of this announcement.

## **DEFINITIONS**

The following terms have the following meanings in this announcement unless the context otherwise requires:

“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday and Sunday) on which banks generally are open for business in Hong Kong
“Company”	Sinotronics Holdings Limited, a company incorporated under the laws of Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 17 December 2009 to issue and allot up to 111,793,000 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any independent institutional, professional and/or individual investors who are not concert parties with the controlling Shareholder(s) (if any) (as defined under the Takeovers Code), and not connected with any directors, chief executive or substantial Shareholder(s) (if any) of the Company or its subsidiaries and their respective associates

“Placing”	the best endeavour placing of up to 111,792,000 Placing Shares
“Placing Agent”	Emperor Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 15 March 2010 in respect of the Placing
“Placing Price”	HK\$0.369 per Placing Share
“Placing Shares”	a maximum of 111,792,000 Shares to be issued under the Placing
“Settlement Agreement”	the settlement agreement entered into between the Company and Deutsche Bank AG on 16 November 2009
“SFC”	the Securities and Futures Commission of 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)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board  
**SINOTRONICS HOLDINGS LIMITED**  
**Xu Yue Yue**  
*Executive Director*

Hong Kong, 15 March 2010

*As at the date of this announcement, the Board comprises Ms. Xu Yue Yue, Mr. Xiang Song, Mr. Sze Ming Yee, Mr. Lin Wan Xin, Mr. Chan Kin and Mr. Tu Shuguang as executive Directors, and Mr. Li Jianguo, Mr. Cheung Chuen and Ms. Wong Lai Wing as independent non-executive Directors.*

\* *for identification purpose only*