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KINGWELL GROUP LIMITED

京維集團有限公司

(formerly known as Sinotronics Holdings Limited

前稱華翔微電子控股有限公司*)

(incorporated in the Cayman Islands with limited liability)

(Stock code : 1195)

- (i) MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF
70% EQUITY INTEREST IN STEPHIGH LIMITED INVOLVING THE
ISSUE OF CONSIDERATION CONVERTIBLE BOND;
(ii) PLACING OF PLACING CONVERTIBLE BONDS; AND
(iii) RESUMPTION OF TRADING**

Financial advisor and Placing Agent



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

ACQUISITION OF 70% EQUITY INTEREST IN STEPHIGH

On 25th March, 2010 (after trading hours), the Company and the Vendor entered into the Acquisition Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Company conditionally agreed to purchase 70% equity interest in Stephigh at the Consideration of HK\$126 million which will be satisfied (i) as to HK\$80 million by the issue of the Consideration Convertible Bond to the Vendor convertible at HK\$0.28 per Conversion Share; and (ii) as to HK\$46 million by cash. Upon Completion, Stephigh will become a subsidiary of the Company. The Consideration Convertible Bond is convertible into 285,714,286 Conversion Shares, which upon issue represent approximately (i) 26.90% of the existing issued share capital of the Company; and (ii) 21.20% of the total issued share capital of the Company as enlarged by the Conversion Shares upon full conversion of the Consideration Convertible Bond. Stephigh was incorporated in the British Virgin Islands with limited liability and 70% of its total issued share capital is owned by the Vendor as at the date of the Acquisition Agreement. The principal asset of Stephigh is Anlu, which is principally engaged in sale and development of properties. The major asset of Anlu is the Property. As at 28th February, 2010, the value of the Property is RMB352,669,000 (equivalent to approximately HK\$400,385,116).

The Company's intention is to purchase 100% equity interest in Stephigh but negotiation with the 30% minority shareholder of Stephigh proves more challenging than the Board expected, and may take a long time to consummate. The Board will continue its negotiation with the 30% minority shareholder of Stephigh and report to the Shareholders the progress at the appropriate time.

As the relevant percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval by the Shareholders at the EGM. The Company will seek Shareholders' approval on (i) the Acquisition Agreement; (ii) the issue of the Consideration Convertible Bond and Conversion Shares which would fall to be issued upon conversion of the Consideration Convertible Bond under special mandate.

PLACING OF PLACING CONVERTIBLE BONDS

On 25th March, 2010, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent agreed, to procure on a best effort basis independent Placees to subscribe in cash the Placing Convertible Bonds up to an aggregate principal amount of HK\$46 million. The gross proceeds from the placing of the Placing Convertible Bonds is estimated to be HK\$46 million and the net proceeds from the placing of the Placing Convertible Bonds (after deducting related expenses) are estimated to be approximately HK\$44.7 million. The net proceeds will be used to satisfy the cash portion of the Consideration for the Acquisition.

The initial Conversion Price is HK\$0.28 per Conversion Share (subject to adjustment in accordance with the terms and conditions of the Convertible Bonds). Assuming the Placing Convertible Bonds in an aggregate principal amount of HK\$46 million are placed in full, 164,285,714 Conversion Shares would fall to be issued upon full conversion of the Placing Convertible Bonds. Such Conversion Shares represent approximately (i) 15.47% of the existing issued share capital of the Company; and (ii) 10.87% of the total issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Company will seek Shareholders' approval on the issue and allotment of the Placing Convertible Bonds and Conversion Shares which would fall to be issued upon conversion of the Placing Convertible Bonds under special mandate.

GENERAL

A circular containing, amongst other things, (i) further details of the Acquisition; (ii) an accountant's report of Stephigh; (iii) the valuation report of the Property; and (iv) a notice convening the EGM, will be dispatched by the Company to the Shareholders as soon as possible and in accordance with the requirements of the Listing Rules.

Completion of the Acquisition and the Placing is subject to the satisfaction of the conditions precedent to the Acquisition Agreement and the Placing Agreement, which may or may not materialize. Shareholders and potential investors are advised 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 26th 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 29th March, 2010 following the publication of this announcement.

THE ACQUISITION AGREEMENT

Date

25th March, 2010

Parties

- i. the Company as the purchaser;
- ii. Mr. Hui Lung Hing as the Vendor;

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquires, the Vendor is an Independent Third Party.

Assets to be acquired:

Pursuant to the terms and conditions of the Acquisition Agreement, the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to purchase the 70% equity interest in Stephigh. The principal asset of Stephigh is its 100% indirect equity interest in Anlu, which in turn owns the Property.

Consideration:

The Consideration will be satisfied upon Completion as follows:

- i. HK\$80 million by the issue of the Consideration Convertible Bond to the Vendor and;
- ii. HK\$46 million by cash.

The Consideration of HK\$126 million represents a 10% discount to the 70% of the Adjusted NAV of Stephigh of RMB176.16 million (equivalent to approximately HK\$200 million), which was determined between the Company and the Vendor after arm's length negotiations with reference to the Adjusted NAV. The Adjusted NAV was calculated based on (i) the unaudited net asset value of the Stephigh as at 31st December, 2009 of RMB4.13 million (equivalent to approximately HK\$4.69 million), which includes the cost of the Property of RMB180.63 million (equivalent to approximately HK\$205.07 million) and (ii) adjusted by the difference between the cost of the Property and appraised value of the Property of RMB352,669,000 (equivalent to approximately HK\$400,385,116) as at 28th February, 2010 by an independent valuer. If the net asset value of Stephigh is below HK\$190,000,000 pursuant to an audited account on the Completion date, the Consideration will be adjusted downward in accordance to such difference in net asset value.

The Consideration Convertible Bond is convertible into 285,714,286 Conversion Shares, which upon issue represent approximately (i) 26.90% of the existing issued share capital of the Company; and (ii) 21.20% of the total issued share capital of the Company as enlarged by such Conversion Shares upon full conversion of the Consideration Convertible Bond.

Principal terms of the Consideration Convertible Bond are summarized in the section titled “Principal Terms of the Convertible Bonds” below.

Based on the above, the Directors considered that the terms of the Acquisition Agreement, including the Consideration, which were arrived at after arm’s length negotiations, are fair and reasonable and are in the interest of the Group and the Shareholders as a whole.

Conditions precedent:

Completion of the Acquisition Agreement is conditional upon, amongst other things, following conditions precedent:

- (a) the Purchaser being reasonably satisfied with the financial, legal, taxation and commercial status of Stephigh and its subsidiaries, and the Purchaser having given written notice to the Vendor of such fact;
- (b) the Purchaser having obtained the approval from the Stock Exchange for the issue and dispatch of the circular to be issued to the Shareholders;
- (c) the Purchaser having obtained voting approvals as required by the Listing Rules and the memorandum and articles of association of the Company on the Acquisition Agreement and the transactions contemplated thereunder, including the issuance of the Consideration Convertible Bond to the Vendor;
- (d) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, all Conversion Shares that may be issued upon the exercise of the conversion rights attaching to the Consideration Convertible Bond;
- (e) the Purchaser and the Vendor having obtained all consents that are legally required from third parties;
- (f) the Vendor having fulfilled all obligations as set out in Clause 6 of the Acquisition Agreement; and
- (g) all warranties given in the Acquisition Agreement being true, accurate and not misleading as at the Completion date.

Other than conditions (b), (c) and (d), all above conditions may be waived by the Purchaser by written notice to the Vendor. The Vendor should on best efforts basis procure the fulfillment of conditions (a), (e) and (g) above, and the Purchaser should on best efforts basis procure the fulfillment of conditions (b) and (d) above.

Completion

Completion shall take place on the third Business Day after the fulfillment or waiver (as the case may be) of the last of the conditions precedent to the Acquisition Agreement or such other date as the parties to the Acquisition Agreement may agree in writing.

Immediately after Completion, Stephigh will become a subsidiary of the Company.

INFORMATION ON THE VENDOR AND STEPHIGH

The Vendor is Mr. Hui Lung Hing. Mr. Hui is a businessman in Hong Kong and the PRC and is currently engaged in sale and development of properties. Mr. Hui also has more than 30 years experience in corporate management and is currently the Chairman of Truroll Investment Limited, a private company engaged in diversified business. Mr. Hui holds 70% equity interest in Stephigh. The Company acquainted with Mr. Hui through normal business contact.

Stephigh was incorporated in the British Virgin Islands with limited liability and 70% equity interest of it is owned by the Vendor. The principal asset of Stephigh is its 100% indirect equity interest in Anlu, which owns the Property. The Property is located in Anlu city of Hubei province of the PRC and is a residential complex including villas, houses, apartments, residential buildings, commercial buildings, and undeveloped land.

Set out below is the unaudited financial information of Stephigh since its incorporation on 16th July, 2008 which was prepared in accordance with HKFRS:

	For the twelve months ended 30th June, 2009 (Unaudited) <i>RMB'</i>	For six months ended 31st December, 2009 (Unaudited) <i>RMB'</i>
Turnover	18,364,164	26,248,001
Net Profits (Losses) before taxation and extraordinary items	771,908	5,689,082
Net Profits (Losses) after taxation and extraordinary items	771,908	4,940,599
Net Assets	8,099,457	4,125,485

PLACING AGREEMENT

On 25th March, 2010, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best effort basis, the Placing Convertible Bonds up to an aggregate principal amount of HK\$46 million.

Date

25th March, 2010

Parties

- i. the Company; and
- ii. the Placing Agent.

The Placing Agent conditionally agreed with the Company to place, on a best effort basis, the Placing Convertible Bonds up to the principal amount of HK\$46 million, to the Placees. To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquires, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Convertible Bonds shall be offered to professional investors that are Independent Third Parties.

Terms

Total principal amount: HK\$46 million

Placing commission: 2.5% of the proceeds from the Placing

Please refer to section titled "Principal Terms of the Convertible Bonds" below.

Assuming the Placing Convertible Bonds in an aggregate principal amount of HK\$46 million are placed in full, 164,285,714 Conversion Shares would fall to be issued upon full conversion of the Placing Convertible Bonds. Such Conversion Shares represents approximately (i) 15.47% of the existing issued share capital of the Company; and (ii) 10.87% of the total issued share capital of the Company as enlarged by such Conversion Shares.

Conditions of the Placing

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

- a. passing of ordinary resolution by the Shareholders of the Company to approve the issue and allotment of the Placing Convertible Bonds and the Conversion Shares which would fall to be issued and allotted upon conversion of the Placing Convertible Bonds; and
- b. the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares which would fall to be issued and allotted on the exercise of the conversion rights attached to the Placing Convertible Bonds either unconditionally or subject to conditions to which the Company does not object; and

- c. all other applicable legal requirements, rules and regulations, including but not limited to the Listing Rules and the Takeovers Code, for implementing all the transactions contemplated under the Placing Agreement shall have been duly complied with by the Company.

The Placing Agreement contain provisions entitling the Placing Agent to terminate the Placing Agreement on the occurrence of certain force majeure events which include, inter alia, the occurrence of any change in market conditions which makes it inexpedient or inadvisable to proceed with the placing of the Placing Convertible Bonds or any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than five consecutive Business Days, excluding any suspension in connection with the clearance of the announcement pertaining to the Placing Agreement.

Completion

Completion of the Placing will take place within five Business Days following the day on which the conditions set out in the Placing Agreement are satisfied or such later date as may be agreed between the Company and the Placing Agent. The long stop date of the Placing Agreement is 30th May, 2010 unless otherwise agreed between the Company and the Placing Agent.

Completion of the Acquisition and the Placing is subject to the satisfaction of the conditions precedent in the Acquisition Agreement and the Placing Agreement respectively, which may or may not materialize. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms and conditions of Consideration Convertible Bond and the Placing Convertible Bonds are identical and are summarized as follows:

Issue Date:	Within 5 business days after the Acquisition Agreement and Placing Agreement become unconditional
Issuer:	the Company
Total principal amount:	HK\$126 million, out of which HK\$80 million will be issued to the Vendor as consideration for the Acquisition, and HK\$46 million will be placed by the Placing Agent to the Placees
Issue price:	100% at the full face value of the Convertible Bonds
Interest rate:	1% per annum, payable by the Company annually in arrears on each anniversary date of the issue date and on the Maturity Date
Maturity date:	the 3rd anniversary of the date of issue of the Convertible Bonds

Early repayment:	at any time prior to the Maturity Date and on and only on any anniversary day of the Bond Instrument, the Company may by at least 14 Business Days' advance notice in writing to the Bondholder to redeem the Convertible Bond at an amount equal to one hundred and ten per cent (110%) of the outstanding principal amount of the Convertible Bond.
Conversion rights:	holder of the Convertible Bonds will have the right to convert the Convertible Bonds in whole or in part (in an integral multiple of HK\$1,000,000) of the outstanding principal amount of the Convertible Bond into Shares on any Business Day or any other day as the Bondholder and the Company may agree in writing at the Conversion Price per Share during the conversion period. Conversion of the Convertible Bonds by the bondholders is subject to the compliance with the requirements under the Listing Rules and Takeovers Code.
Conversion Shares:	a total of 450,000,000 Shares to be issued upon conversion of the Convertible Bonds, subject to adjustments to the Conversion Price.
Conversion Period:	any Business Day after the date of issue of the Convertible Bond but before the fourteen (14)-day period ending on the Maturity Date.
Conversion Price:	HK\$0.28 per Conversion Share, subject to adjustments for, among other things, customary anti-dilution provisions summarized below.
Redemption:	unless previously converted, the Company shall repay the Convertible Bonds in full with all interest accrued thereon up to and including the maturity date. At any time prior to the Maturity Date and on and only on any anniversary day of the Bond Instrument, the Company may by at least 14 Business Days' advance notice in writing to the Bondholder to redeem the Convertible Bond at an amount equal to one hundred and ten per cent (110%) of the outstanding principal amount of the Convertible Bond.
Anti-dilution adjustments:	the Conversion Price shall from time to time be adjusted upon the occurrence of certain events including but not limited to the followings: (i) consolidation or sub-division; (ii) bonus issue of Shares; (iii) capital distribution of Shares; (iv) rights issues of Shares or rights to acquire Shares;

(v) right issues of other securities; and

(vi) other events upon which the Company or the Bondholder determines an adjustment should be made, subject to auditors' determination.

Transferability: the Convertible Bonds are freely transferable (whether in whole or in part) except provided that: (i) it may not, without the prior written consent of the Company, be transferred to any person who is at the time of such transfer a connected person of the Company; and (ii) the principal amount to be transferred is in integral multiples of HK\$1,000,000. Transfer of the Convertible Bonds is further subject to rules and regulations of the Stock Exchange, the approval for listing and dealing in the Conversion Shares by the Listing Committee of the Stock Exchange, and all applicable laws and regulations.

Voting: holder(s) of the Convertible Bonds will not be entitled to attend or vote at any meetings of the Company by reason only of its being a bondholder(s).

Listing: no application will be made for the listing of, or permission to deal in the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Conversion Shares that may be issued upon the conversion of the Convertible Bonds.

Ranking of Conversion Shares: the Conversion Shares will rank *pari passu* in all respects among themselves and with other Shares in issue on the date of allotment and issue of such Conversion Shares.

Events of default: customary events of default including:

- (i) if there is a default in the performance or observance by the Company of any of the obligations of the Company (including, without limitation, its undertakings) under the Convertible Bond or any breach by the Company of any warranty or undertaking under the Bond Instrument and (where such failure is capable of remedy) such default shall continue for not less than seven (7) days after the Company has been requested by the Bondholder to remedy such default; or

- (ii) if it shall become unlawful for the Company to perform all or any of its obligations under the Convertible Bond or the Convertible Bond shall for any reason cease to be in full force or effect or shall be declared to be void or illegal or be repudiated.

Upon the occurrence of an event of default, the Convertible Bonds becomes immediately repayable at the option of its holder.

Conversion Price

The Conversion Price of the Convertible Bonds of HK\$0.28 per Conversion Share is determined after arm's length negotiations between the Company and the Vendor with reference to the prevailing market price of the Shares, and represents:

- (i) a discount of approximately 43.43% to the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 42.27% to the average closing price of approximately HK\$0.485 per Share for the 5 trading days immediately prior to and including the Last Trading Date;
- (iii) a discount of approximately 41.42% to the average closing price of approximately HK\$0.478 per Share for the 10 trading days immediately prior to and including the Last Trading Date;
- (iv) a discount of approximately 56.92% over the Group's unaudited consolidated net assets of approximately HK\$0.65 per Share calculated based on the Group's unaudited consolidated net assets of RMB611,490,000 (approximately HK\$694,224,597) as at 31st December, 2009 and 1,062,032,500 Shares in issue as at the date of this announcement.

Use of proceeds

HK\$80 million of Consideration Convertible Bond will be issued as part of the Consideration for the Acquisition. The net proceeds of HK\$44.7 million from issuance of the Placing Convertible Bonds will be used to satisfy the remaining balance of the Consideration in cash.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Capital raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
15th March, 2010	Placing of 111,792,000 new Shares	HK\$39.60 million	To be used for general working capital	To be used as intended
16th 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
17th 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 and except for the above, the Company has not undertaken any equity fund raising exercise in the 12-month period immediately preceding the date of this announcement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group's business is the manufacturing and sales of printed circuit boards, printed circuit board assembling products and surface mount technology processing services. Its products are used in a broad range of applications in items such as mobile communication devices, consumer digital devices, automotive and medical devices. The business is highly competitive and has been deteriorating since 2007 both in terms of sales and net profit after tax, and started to make a significant loss of RMB360.2 million for the year ended 30th June, 2009.

The Board has identified Anlu, a property development company with a residential development project in Anlu city, Hubei province in the PRC, as a company that offers good potential in property development business in the PRC. With rapid urbanization in the PRC, the Board is of the view that diversification into property development business in the PRC through Anlu can help improve the prospects of the Group.

The Company's intention is to purchase 100% equity interest in Stephigh but negotiation with the 30% minority shareholder of Stephigh proves more challenging than the Board expected, and may take a long time to consummate. The Board will continue its negotiation with the 30% minority shareholder of Stephigh and report to Shareholders the progress at the appropriate time.

The Directors consider that the Acquisition Agreement has been entered into on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Given the potential profitability of Anlu, the Board believes that it is

in the interest of the Group to participate in the property development business by the Acquisition. The Directors also consider that the Conversion Shares, upon conversion, will strengthen the capital base of the Company.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates shareholding structure of the Company (i) before the completion of the Acquisition and the Placing; (ii) after the completion of the Acquisition and conversion of the Consideration Convertible Bond; and (iii) after the completion of the Placing and the conversion of the Placing Convertible Bonds.

Shareholders	As at the Last Trading Date		Upon completion of the Acquisition (assuming immediate conversion of all the Consideration Convertible Bond)		Upon completion of the Placing (assuming immediate conversion of all the Placing Convertible Bonds)	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Union Day Group Limited (<i>Note</i>)	345,778,539	32.56%	345,778,539	25.66%	345,778,539	22.87%
The Vendor	0	0.00%	285,714,286	21.20%	285,714,286	18.90%
The Placees	0	0.00%	0	0.00%	164,285,714	10.87%
Other Shareholders	<u>716,253,961</u>	<u>67.44%</u>	<u>716,253,961</u>	<u>53.14%</u>	<u>716,253,961</u>	<u>47.37%</u>
Total	<u>1,062,032,500</u>	<u>100.00%</u>	<u>1,347,746,786</u>	<u>100.00%</u>	<u>1,512,032,500</u>	<u>100.00%</u>

Note: 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.

GENERAL

As the relevant percentage ratios (as defined in the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval by the Shareholders at the EGM. Resolutions will be proposed to the Shareholders for approval of (i) the Acquisition Agreement; (ii) the issue and allotment of the Consideration Convertible Bond and the Conversion Shares fall to be issued upon conversion of the Consideration Convertible Bond.

The Placing is subject to the approval by Shareholders at the EGM of (i) the issue and allotment of the Placing Convertible Bonds and the Conversion Shares which fall to be issued upon conversion of the Placing Convertible Bonds.

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

A circular containing, among other things, (i) further details of the Acquisition; (ii) an accountant's report of Stephigh; (iii) the valuation report of the Property; and (iv) a notice convening the EGM, will be dispatched by the Company to the Shareholders as soon as possible and in accordance with the requirements of the Listing Rules.

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 26th 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 29th March, 2010 following the publication of this announcement.

DEFINITIONS

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

“Acquisition”	the acquisition of 70% equity interest in Stephigh
“Acquisition Agreement”	the acquisition agreement dated 25th March, 2010 entered into between the Company and the Vendor in respect of the acquisition of 70% of the equity interest in Stephigh
“Adjusted NAV”	net asset value of Stephigh as adjusted by the difference between the carry cost and the appraised value of the Property
“Anlu”	Anlu Taihe Real Estate Development Company (安陸泰合房地產開發有限公司), a wholly foreign owned company incorporated in the PRC
“Board”	board of directors of the Company
“Bondholder(s)”	holder(s) of the Convertible Bond(s)
“Bond Instrument”	the instrument to be made by way of deed poll for the Convertible Bonds subject to the approval by Shareholders at the EGM
“Business Day”	a day other than a Saturday or a Sunday on which banks in Hong Kong are open to the general public for business
“Company” or “Purchaser”	Kingwell Group Limited (formerly known as 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
“Completion”	completion of the Acquisition Agreement
“Consideration”	the consideration of HK\$126 million for the Acquisition payable to the Vendor by the Company
“Consideration Convertible Bond”	the HK\$80 million Convertible Bonds to be issued by the Company as part of the consideration payable to the Vendor for the Acquisition

“Conversion Share(s)”	the Share(s) falling to be issued by the Company upon conversion of the Consideration Convertible Bond and the Placing Convertible Bonds
“Convertible Bond(s)”	the convertible bonds to be issued by the Company pursuant to the Acquisition Agreement and the Placing Agreement including the Consideration Convertible Bond and the Placing Convertible Bonds
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened to consider and approve, if thought fit, the Acquisition Agreement, the Placing Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“Independent Third Party(ies)”	such person(s) who is(are) independent of and not connected nor acting in concert with the Directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates, or parties acting in concert with any of them
“Last Trading Date”	25th March, 2010, being the last trading date before the suspension of trading in the Shares prior to the release of this announcement
“Maturity Date”	the 3rd anniversary of the date of issuance of the Convertible Bonds
“Placee(s)”	professional investors that are independent third parties independent of the connected persons (as defined in the Listing Rules) of the Company or associates (as defined in the Listing Rules) of any of them.
“Placing”	the placing by the Placing Agent of the Placing Convertible Bonds with principal amount of HK\$46 million to the Placees
“Placing Convertible Bonds”	the Convertible Bonds to be issued and allotted to the Placees by the Placing Agent
“Placing Agent” or “Yu Ming”	Yu Ming Investment Management Limited, a corporation licensed under the SFO 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), and a company incorporated in Hong Kong with limited liability, being the placing agent in respect of the Placing and the financial adviser to the Company in respect of the Acquisition

“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent
“Property”	property assets held by Anlu
“Settlement Agreement”	the settlement agreement dated 16th November, 2009 entered into by the Company, Deutsche Bank AG and one of the employees of Deutsche Bank AG against whom the Company lodged a counter claim
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	Shareholder(s) of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Stephigh”	Stephigh Limited, a company incorporated in the British Virgin Islands with limited liability, owned as to 70% by the Vendor and 30% by Mr. Yin Jiatang, an Independent Third Party
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Mr. Hui Lung Hing, an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“%”	percent

(The exchange rate used for the purpose of this announcement is at RMB1 = HK\$1.1353)

By Order of the Board
KINGWELL GROUP LIMITED
Xu Yue Yue
Executive Director

Hong Kong, 28th 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 purposes only*