



## 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)

### GENERAL DISCLOSURE ANNOUNCEMENT TERMINATION OF INTEREST RATE SWAP AGREEMENT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that, as a result of the termination of the SWAPS, DB has alleged that (i) an early termination amount of US\$23,714,693 plus interest accrued thereon is payable by the Company to DB, (ii) DB would be claiming under the indemnity in respect of their reasonable out-of-pocket expenses incurred by reason of the enforcement and protection of their rights under the master agreement of the SWAPS or by reason of the early termination of the transactions entered thereunder and (iii) the Statement was being issued without prejudice to any further demands, claims or deductions DB might be entitled to make against the Company whether under the master agreement or otherwise.

Save as disclosed above, the Company has no other derivative financial instrument outstanding as at the date of this announcement.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the Company's announcement dated 12 December 2007 in which the Company announced the details of SWAP 1 and SWAP 2 and the Company's announcement dated 11 November 2008 in which the Company announced the termination of the SWAPS on 12 November 2008.

On 13 November 2008, DB issued the Statement to the Company stating, as a result of the termination of the SWAPS:

1. the amount payable to DB by the Company as the "Early Termination Amount" under SWAP 1 and SWAP 2 is US\$23,714,693 determined on the following basis:

1.1. close-out amount in respect of SWAP 2	US\$13,810,000
1.2. termination currency equivalent of the unpaid amounts owed to DB in respect of SWAP 2	US\$1,569,046
1.3. close-out amount in respect of SWAP 1	<u>US\$8,335,647</u>
<b>Total</b>	<b><u>US\$23,714,693</u></b>

2. DB would in due course be claiming under the indemnity in respect of their reasonable out-of-pocket expenses including legal fees, execution fees and stamp tax, incurred by reason of the enforcement and protection of their rights under the master agreement of the SWAPS or by reason of the early termination of the transactions entered thereunder, including but not limited to costs of collection.
3. The Statement was being issued without prejudice to any further demands, claims or deductions DB might be entitled to make against the Company whether under the master agreement of the SWAPS or otherwise.

The Company is currently reviewing DB's entitlement.

If in fact DB has the entitlement as alleged, the Company still has sufficient financial resources to pay for the same. Under the Deed of Indemnity, the fee payable by the Company to DB would be indemnified by Mr. Lin Wan Qiang, the shareholder of the Company currently holding approximately 41.17% of the issued share capital of the Company.

After termination of the SWAPS, the Company does not have any derivative financial instruments outstanding as at the date of this announcement.

## **DEFINITION**

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

“Board”	the board of directors of the Company;
“Company”	Sinotronics Holdings Limited;
“DB”	Deutsche Bank AG;
“Deed of Indemnity”	the deed of indemnity dated 12 December 2007 executed by Mr. Lin Wan Qiang in favour of the Company;
“HK\$”	the lawful currency of Hong Kong Special Administrative Region;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Statement”	The statement issued by DB to the Company on 13 November 2008;
“SWAP 1”	the structured interest rate swap transaction of notional amount of HK\$390,000,000 entered into by the Company with DB on 8 February 2007;
“SWAP 2”	the structured interest rate swap transaction of notional amount of US\$100,000,000 entered into by the Company with DB on 11 April 2007;

“SWAPS” SWAP 1 and SWAP 2; and

“US\$” US dollars, the lawful currency of the United States of America.

By Order of the Board  
**Sinotronics Holdings Limited**  
**Lin Wan Xin**  
*Chairman*

Hong Kong, 13 November 2008

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

*\* for identification purpose only*