SINO-TECH INTERNATIONAL HOLDINGS LIMITED
泰豐國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 724)

TERMINATION OF THE ORIGINAL ACQUISITION AGREEMENTS AND DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO ENTERING INTO THE NEW ACQUISITION AGREEMENTS FOR THE ACQUISITION OF 100% EFFECTIVE EQUITY INTEREST IN CITIC LOGISTICS COMPANY LIMITED

INTRODUCTION

Following arm's length negotiations with the Vendors, the Purchaser entered into the 90% Acquisition Agreement with the First Vendor and the Second Vendor and the 10% Acquisition Agreement with the Third Vendor on 11 February 2011 (after trading hours) to terminate the respective Original Acquisition Agreements and proceed with the sale and purchase of the Sale Equity Interest subject to the terms and conditions of relevant Acquisition Agreements.

TERMINATION OF THE ORIGINAL ACQUISITION AGREEMENTS

Pursuant to the Acquisition Agreements, the Original Acquisition Agreements shall be terminated upon signing of the Acquisition Agreements, and there shall be no claim or liabilities whatsoever arising from or related to the parties to the Original Acquisition Agreements.

* *For identification purpose only*

DISCLOSEABLE AND CONNECTED TRANSACTION

Pursuant to the 90% Acquisition Agreement, (i) the Purchaser has conditionally agreed to purchase and the First Vendor and the Second Vendor have conditionally agreed to sell the 30% Sale Equity Interest and the Sale Share, the underlying asset of which is the 60% Sale Equity Interest, respectively; (ii) the Purchaser has conditionally agreed to accept and the First Vendor has conditionally agreed to assign the outstanding shareholder's loan owed by the PRC Target Company to the First Vendor, his associates, and/or company(ies) controlled by him as at the Completion Date (after setting off the amount owed by the First Vendor, his associates and/or company(ies) controlled by him); and (iii) the Purchaser has conditionally agreed to accept and the Guarantor has conditionally agreed to assign the outstanding loan owed by New Wealth to the Guarantor as at the Completion Date. The Sale Share represents the entire issued share capital of the BVI Target Company, which holds the entire issued share capital of New Wealth, which in turn holds the entire issued share capital of Freight Links. Freight Links directly holds the 60% Sale Equity Interest.

Pursuant to the 10% Acquisition Agreement, the Purchaser has conditionally agreed to purchase and accept and the Third Vendor has conditionally agreed to sell and assign respectively the 10% Sale Equity Interest and the outstanding shareholder's loan owed by the PRC Target Company to the Third Vendor, its associates, and/or company(ies) controlled by it as at the Completion Date (after setting off the amount owned by the Third Vendor, its associates and/or company(ies) controlled by it, if any).

Upon Completion, the Company will indirectly own the entire equity interest in the PRC Target Company, and the PRC Target Company and each of the BVI Target Group Companies will become indirect wholly-owned subsidiaries of the Company and their financial results will be consolidated into the Group's financial statements.

Pursuant to the Acquisition Agreements, the Consideration is HK$257,362,884, which comprises (i) the First Consideration of HK$67,186,252 payable to the First Vendor; (ii) the Second Consideration of HK$143,207,037 payable to the Second Vendor; and (iii) the Third Consideration of HK$46,969,595 payable to the Third Vendor.

The Consideration will be satisfied by the issue and allotment of the maximum of 909,409,482 Consideration Shares at the price of HK$0.283 per Share by the Company to the Vendors.

The Consideration is subject to adjustments the details of which are set out in the main text below.

LISTING RULES IMPLICATIONS

Having considered the applicable percentage ratios (as defined under the Listing Rules), the Acquisitions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Moreover, to the best of the Directors' knowledge and information, the First Vendor is a connected person of the Company by virtue of his substantial shareholdings and directorships in the Company and the PRC Target Company. As such, the Acquisitions also constitute non-exempted connected transactions under Chapter 14A of the Listing Rules which are subject to the reporting, announcement and independent shareholders' approval requirements. Accordingly, the Company will seek Independent Shareholders' approval at the SGM by way of poll for the Acquisition Agreements and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, further details of the Acquisition Agreements, together with a letter of advice from the Independent Board Committee and a letter of recommendation from the independent financial adviser in respect of the Acquisition Agreements, and a notice of the SGM, is expected to be despatched to the Shareholders on or before 28 February 2011.

INTRODUCTION

Reference is made to the announcements of the Company dated 8 October 2010, 25 November 2010 and 14 December 2010, in which the Board announced that the Purchaser entered into the Original Acquisition Agreements with the Vendors with the intention to acquire the entire equity interests of the PRC Target Company. The Board also announced on 30 December 2010 and 7 February 2011 that the Company was in further negotiations with the Vendors for possible amendments to certain terms of the Original Acquisition Agreements.

Following arm's length negotiations with the Vendors, the Purchaser entered into the 90% Acquisition Agreement with the First Vendor and the Second Vendor and the 10% Acquisition Agreement with the Third Vendor on 11 February 2011 (after trading hours) to terminate the respective Original Acquisition Agreements and proceed with the sale and purchase of the Sale Equity Interest subject to the terms and conditions of relevant Acquisition Agreements. Set out below are the principal terms of the Acquisition Agreements.

THE ACQUISITION AGREEMENTS

The 90% Acquisition Agreement

Date: 11 February 2011

Parties:

(1) Mr. Li Wei Min as the First Vendor;

(2) Pioneer Blaze Limited as the Second Vendor;

(3) Mr. Lim Chuan Yang as the Guarantor to the Second Vendor; and

(4) CITIC Logistics (International) Company Limited as the Purchaser.

The First Vendor is an executive Director, a substantial Shareholder, the owner of the 30% Sale Equity Interest, and a director of the PRC Target Company, and therefore a connected person of the Company under Chapter 14A of the Listing Rules.

The Second Vendor is the sole beneficial owner of the Sale Share, the underlying asset of which is the 60% Sale Equity Interest.

Save for the aforesaid, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Second Vendor and its ultimate beneficial owner (i.e. the Guarantor) are third parties independent of the Company and its connected persons.

The 10% Acquisition Agreement

Date: 11 February 2011

Parties:

(1) 中信汽車公司 (CITIC Automobile Company Limited*) as the Third Vendor; and

(2) CITIC Logistics (International) Company Limited as the Purchaser.

Mr. Wang Jianzhi is an executive Director and a director of the Third Vendor. The Third Vendor directly owns the 10% Sale Equity Interest.

Save for the above, to the best knowledge and information of the Directors having made all reasonable enquiries, the Third Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Termination of the Original Acquisition Agreements

Pursuant to the Acquisition Agreements, the Original Acquisition Agreements shall be terminated upon signing of the Acquisition Agreements, and there shall be no claim or liabilities whatsoever arising from or related to the parties to the Original Acquisition Agreements.

Assets to be acquired

Pursuant to the 90% Acquisition Agreement, (i) the Purchaser has conditionally agreed to purchase and the First Vendor and the Second Vendor have conditionally agreed to sell the 30% Sale Equity Interest and the Sale Share, the underlying asset of which is the 60% Sale Equity Interest, respectively; (ii) the Purchaser has conditionally agreed to accept and the First Vendor has conditionally agreed to assign the outstanding shareholder's loan owed by the PRC Target Company to the First Vendor, his associates and/or company(ies) controlled by him as at the Completion Date (after setting off the amount owed by the First Vendor, his associates and/or company(ies) controlled by him to the PRC Target Company); and (iii) the Purchaser has conditionally agreed to accept and the Guarantor has conditionally agreed to assign the outstanding loan owed by New Wealth to the Guarantor as at the Completion Date. The Sale Share represents the entire issued share capital of the BVI Target Company, which holds the entire issued share capital of New Wealth, which in turn holds the entire issued share capital of Freight Links. Freight Links directly holds the 60% Sale Equity Interest.

Pursuant to the 10% Acquisition Agreement, the Purchaser has conditionally agreed to purchase and accept and the Third Vendor has conditionally agreed to sell and assign respectively the 10% Sale Equity Interest and the outstanding shareholder's loan owed by the PRC Target Company to the Third Vendor, its associates and/or company(ies) controlled by it as at the Completion Date (after setting off the amount owned by the Vendor, its associates and/or company(ies) controlled by it to the PRC Target Company, if any).

Upon Completion, the Company will indirectly own the entire equity interest in the PRC Target Company, and the PRC Target Company and each of the BVI Target Group Companies will become indirect wholly-owned subsidiaries of the Company and their financial results will be consolidated into the Group's financial statements.

Consideration

Pursuant to the Acquisition Agreements, the Consideration is HK$257,362,884, which comprises (i) the First Consideration of HK$67,186,252 payable to the First Vendor; (ii) the Second Consideration of HK$143,207,037 payable to the Second Vendor; and (iii) the Third Consideration of HK$46,969,595 payable to the Third Vendor.

The Consideration will be satisfied by the issue and allotment of a maximum of 909,409,482 Consideration Shares at the price of HK$0.283 per Share by the Company to the Vendors in the following manners:

(i) HK$128,681,442, representing 50% of the Consideration shall be satisfied by the issue and allotment of 454,704,741 Consideration Shares at the issue price of HK$0.283 per Share by the Company to the Vendors on the respective Completion Dates. As a result, the First Vendor, the Second Vendor and the Third Vendor (or as it may direct) will hold 118,703,625, 253,015,966 and 82,985,150 Consideration Shares respectively upon Completion; and

(ii) if there is no completion deficit as set out below, HK$128,681,442, being the remaining 50% of the Consideration shall be satisfied by the issue and allotment of a maximum of 454,704,741 Consideration Shares at the issue price of HK$0.283 per Share by the Company to the Vendors within 30 business days after the Completion Accounts are received by the Purchaser. Together with the Consideration Shares issued and allotted pursuant to paragraph (i) immediately above, the First Vendor, the Second Vendor and the Third Vendor (or as it may direct) may hold in aggregate 237,407,250, 506,031,932 and 165,970,300 Consideration Shares respectively.

Completion deficit

The First Vendor

As at 31 December 2010, (i) 30% of the consolidated equity interest attributable to the owners of the PRC Target Company was approximately RMB16.87 million (equivalent to approximately HK$19.83 million), according to the unaudited management accounts of the PRC Target Company; (ii) outstanding shareholder's loan owed by the PRC Target Group Companies to the First Vendor, his associates and/or company(ies) controlled by him (after setting-off any amount owed by the First Vendor, his associates and/or company(ies) controlled by him to the PRC Target Company) was approximately RMB7.30 million (equivalent to approximately HK$8.58 million); and (iii) 30% of the value of the Zhanjiang Projects was RMB33 million (equivalent to approximately HK$38.78 million) according to the draft Evaluation Report.

The First Vendor has undertaken to the Purchaser that the aggregate of (i) 30% of the consolidated equity interest attributable to the owners of the PRC Target Company as shown in the PRC Completion Accounts together with the outstanding shareholder's loan owed by any of the PRC Target Group Companies to the First Vendor, his associates and/or company(ies) controlled by him as shown in the PRC Completion Accounts (after setting-off any amount owed by the First Vendor, his associates and/or company(ies) controlled by him to any of the PRC Target Group Companies as shown in the PRC Completion Accounts); and (ii) 30% of the value of the Zhanjiang Projects according to the Evaluation Report (the "**First Final Figure**") shall not be less than the First Consideration. In the event that the First Final Figure is less than the First Consideration, the First Vendor has agreed and undertaken that he will indemnify the Purchaser fully of the amount arising from the First Consideration less the First Final Figure (the "**First Deficit**") on a dollar-to-dollar basis provided always that the exchange rate for the translation of RMB to HK$ for the figures as shown in the PRC Completion Accounts shall be fixed at the rate of RMB1.00 to HK$1.1752, upon which the Purchaser would directly deduct an amount equal to the First Deficit from the First Retained Consideration within 30 business days after the PRC Completion Accounts are received by the Purchaser. The Purchaser shall procure the Company to return the remaining balance of the First Retained Consideration by way of issue of Retained Consideration Shares at the issue price of HK$0.283 per share to the First Vendor or as he may direct within 30 business days after the PRC Completion Accounts are received by the Purchaser.

The Second Vendor

According to the unaudited management accounts of the PRC Target Company, as at 31 December 2010, 60% of the consolidated equity interest attributable to the owners of the PRC Target Company was approximately RMB33.74 million (equivalent to approximately HK$39.65 million). According to the unaudited management accounts of New Wealth, as at 31 December 2010, the amount owed by New Wealth to the Guarantor was approximately HK$26.00 million. According to the unaudited management accounts of the BVI Target Company, as at 31 December 2010, total equity value attributable to the shareholder was at a deficiency of US$1,574 (equivalent to approximately HK$12,222) and the paid up capital was US$1 (equivalent to approximately HK$7.76). As at 31 December 2010, 60% of the value of the Zhanjiang Projects was RMB66 million (equivalent to approximately HK$77.56 million) according to the draft Evaluation Report.

The Second Vendor has undertaken to the Purchaser that the aggregate of (i) 60% of the consolidated equity interest attributable to the owners of the PRC Target Company as shown in the PRC Completion Accounts and the equity value attributable to the shareholder of the BVI Target Company as shown in the corresponding BVI Completion Accounts; (ii) US$1, representing the paid up capital of the BVI Target Company; (iii) the amount being the outstanding loan owed by New Wealth to the Guarantor as shown in the corresponding BVI Completion Accounts; and (iv) 60% of the value of the Zhanjiang Projects according to the Evaluation Report (the "**Second Final Figure**") shall not be less than the Second Consideration. In the event that the Second Final Figure is less than the Second Consideration, the Second Vendor has agreed and undertaken that it will indemnify the Purchaser fully of the amount arising from the Second Consideration less the Second Final Figure (the "**Second Deficit**") on a dollar-to-dollar basis provided always that the exchange rate for the translation of RMB to HK$ for the figures as shown in the PRC Completion Accounts shall be fixed at the rate of RMB1.00 to HK$1.1752 and the exchange rate for the translation of US$ to HK$ for the figures as shown in the BVI Completion Accounts shall be fixed at the rate of US$1.00 to HK$7.7648, upon which the Purchaser would directly deduct an amount equal to the Second Deficit from the Second Retained Consideration within 30 business days after the Completion Accounts are received by the Purchaser. The Purchaser shall procure the Company to return the remaining balance of the Second Retained Consideration by way of issue of Retained Consideration Shares at the issue price of HK$0.283 per share to the Second Vendor or as it may direct within 30 business days after the Completion Accounts are received by the Purchaser.

The Third Vendor

As at 31 December 2010, (i) 10% of the consolidated equity interest attributable to the owners of the PRC Target Company was approximately RMB5.62 million (equivalent to approximately HK$6.61 million), according to the unaudited management accounts of the PRC Target Company; (ii) outstanding shareholder's loan owed by the PRC Target Group Companies to the Third Vendor, its associates and/or company(ies) controlled by it (after setting-off any amount owed by the Third Vendor, its associates and/or company(ies) controlled by it) was approximately RMB23.34 million (equivalent to approximately HK$27.43 million); and (iii) 10% of the value of the Zhanjiang Projects was RMB11 million (equivalent to approximately HK$12.93 million) according to the draft Evaluation Report.

The Third Vendor has undertaken to the Purchaser that the aggregate of (i) 10% of the consolidated equity interest attributable to the owners of the PRC Target Company as shown in the PRC Completion Accounts together with the outstanding shareholder's loan owed by any of the PRC Target Group Companies to the Third Vendor, its associates and/or company(ies) controlled by it as shown in the PRC Completion Accounts (after setting-off any amount owed by the Third Vendor, its associates and/or company(ies) controlled by it to any of the PRC Target Group Companies as shown in the PRC Completion Accounts, if any); and (ii) 10% of the value of the Zhanjiang Projects according to the Evaluation Report (the "**Third Final Figure**") shall not be less than the Third Consideration. In the event that the Third Final Figure is less than the Third Consideration, the Third Vendor has agreed and undertaken that it will indemnify the Purchaser fully of the amount arising from the Third Consideration less the Third Final Figure (the "**Third Deficit**") on a dollar-to-dollar basis provided always that the exchange rate for the translation of RMB to HK$ for the figures as shown in the PRC Completion Accounts shall be fixed at the rate of RMB1.00 to HK$1.1752, upon which the Purchaser would directly deduct an amount equal to the Third Deficit from the Third Retained Consideration within 30 business days after the Completion Accounts are received by the Purchaser. The Purchaser shall procure the Company to return the remaining balance of the Third Retained Consideration by way of issue of Retained Consideration Shares at the issue price of HK$0.283 per share to the Third Vendor or as it may direct within 30 business days after the PRC Completion Accounts are received by the Purchaser.

The Consideration Shares

Under the Acquisition Agreements, the Company will issue and allot a maximum of 909,409,482 Consideration Shares to the Vendors at the issue price of HK$0.283 per share, which represents:

(i) a premium of approximately 2.91% to the closing price of the Shares of HK$0.275 per Share as quoted on the Stock Exchange on the Last Trading Date;

(ii) a discount of approximately 3.08% to the average of the closing prices of the Shares of HK$0.292 per Share for the 5 consecutive trading days up to and including the Last Trading Date;

(iii) neither premium nor discount to the average of the closing prices of the Shares of HK$0.283 per Share for the 10 consecutive trading days up to and including the Last Trading Date; and

(iv) a premium of approximately 119.38% to the net assets value per Share of approximately HK$0.129 based on the unaudited consolidated net assets of the Company as at 30 June 2010 and the number of issued Shares as at the date of this announcement.

The Consideration Shares, when issued, will rank *pari passu* in all respects with the Shares on the respective date of the issue of Consideration Shares.

The issue price of the Consideration Shares

The issue price of the Consideration Shares was determined after arm's length negotiations between the Company and the Vendors with reference to the prevailing market price of the Shares, the net assets value of the Shares and the prospect of the business operations of the Enlarged Group.

As at the date of this announcement, there were 9,582,789,500 Shares in issue. The total number of the Consideration Shares to be issued (before any adjustment of the consideration) represents:

(i) approximately 9.49% of the existing issued share capital as at the date of this announcement;

(ii) approximately 9.06 of the issued share capital of the Company as enlarged by the issue and allotment of the 50% of the Consideration Shares upon Completion;

(iii) approximately 8.67% of the issued share capital of the Company as enlarged by the issue and allotment of all the Consideration Shares; and

(iv) approximately 6.02% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares and the full conversion of the Existing Convertible Instruments.

Lock-up period of the Consideration Shares to be issued to the Third Vendor

Pursuant to the 10% Acquisition Agreement, the Third Vendor unconditionally and irrevocably undertakes to the Purchaser and the Company that it will not, and will procure its nominee not to, sell, transfer, or otherwise dispose of, or grant or agree to grant any option or rights, or create an encumbrance over all or any part of the Consideration Shares to or in favour of any person (other than the holding company of the Third Vendor and/or the Controlled Companies (the "**Citic Group**")) for a period of one (1) year from the respective date of issue of such Consideration Shares, unless prior written approval is obtained from the Purchaser and the Company.

Second Vendor's Loan lock-up undertaking

Pursuant to the 90% Acquisition Agreement, the First Vendor and the Second Vendor have jointly and severally undertaken to fully indemnify any losses or damages suffered by the Purchaser, each of the PRC Target Group Companies and each of the BVI Target Group Companies or the Company arising from or as a result of the Angola Project (as defined below) or the Tangshan Formal Agreements. Under the 90% Acquisition Agreement, the Second Vendor has further agreed that the Second Vendor's Loan shall be retained by New Wealth as a security for the payment of full amount of losses or damages as mentioned above and it would not demand the repayment of the Second Vendor's Loan within 3 years from the date of the 90% Acquisition Agreement. The abovementioned lock-up undertaking shall be released upon the First Vendor and the Second Vendor providing written evidence showing (i) the settlement of the arbitration claim against the PRC Target Company in respect of shipping service to transport construction materials from the PRC to the Republic of Angola (the "**Angola Project**") and (ii) the settlement of the Tangshan Formal Agreements.

As at the date of this announcement, an arbitration claim (the "**Angola Arbitration**") in the amount of approximately US$12.8 million against the PRC Target Company was filed by 海通運輸有限公司 (Haitong Transportation Company Limited*) ("**Haitong**"), a former handling agent of the PRC Target Company, on 11 November 2009 by reason of termination of the cooperation agreement made between the PRC Target Company and Haitong in relation to the Angola Project. As a result of the Angola Arbitration, the shipments for the Angola Project have been temporarily suspended. The Angola Arbitration is still in progress. According to the notice from China Maritime Arbitration Commission dated 28 September 2010, the deadline for the ruling of the Angola Arbitration has been extended to 29 March 2011. The Purchaser intends to resume the shipping services after the ruling of the Angola Arbitration is issued (regardless the outcome).

Application for listing of the Consideration Shares

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 Consideration Shares on the Stock Exchange.

The Directors will seek the approval of the Independent Shareholders for the grant of the specific mandate to authorise the Directors to allot and issue the Consideration Shares at the SGM.

Basis of the Consideration

The Consideration was agreed between the Purchaser, the First Vendor, the Second Vendor and the Third Vendor respectively, after arm's length negotiations.

The Consideration was on normal commercial terms with reference to: (i) the fair value of the Zhanjiang Projects, which are major secured contracts being owned by the PRC Target Company, as at 31 December 2010 as set out in the draft Evaluation Report prepared by a firm of independent professional valuers; (ii) the value of consolidated equity interest attributable to owners of the PRC Target Company and the equity interest attributable to the shareholder of the BVI Target Company as at 31 December 2010 based on the respective company's management accounts; (iii) the outstanding loans owed by the PRC Target Group to the First Vendor and the Third Vendor as at 31 December 2010 based on the unaudited consolidated management accounts of the PRC Target Company; and (iv) the outstanding loan owed by New Wealth to the Guarantor as at 31 December 2010 based on the unaudited management accounts of New Wealth.

Other terms

Pursuant to the Acquisition Agreements, the Vendors agreed that they shall use their endeavors to procure the signing of the formal legally binding agreement(s) in respect of the Zhanjiang Related Projects by the PRC Target Company and Guangdong Steel Company or its representative company on such terms and conditions to be acceptable to the Purchaser. The Company agreed that if the PRC Target Company and Guangdong Steel Company or its representative company enters into formal agreement(s) in relation to the Zhanjiang Related Projects, the Purchaser shall negotiate with the Vendors for payment(s) of further amount to the Vendors.

The Company will make announcement(s) as and when necessary to inform its shareholders and the investing public in accordance with the Listing Rules.

Conditions Precedent

Completion shall be subject to and conditional upon the fulfilment of the following Conditions Precedent:

(i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which neither the Vendors nor the Purchaser may reasonably object) or agree to grant the listing of and permission to deal in the Consideration Shares;

(ii) approval by the Independent Shareholders of the Shareholders' resolutions in relation to, *inter alia*, the Acquisition Agreements and all respective transactions contemplated thereunder, and the issue and allotment of the Consideration Shares at the SGM in accordance with the Listing Rules;

(iii) the Company having complied with and to the satisfaction of the Stock Exchange and the SFC all requirements under the Listing Rules and/or the Takeovers Code in relation to the purchase of the 10% Sale Equity Interest, the 30% Sale Equity Interest and the Sale Share and the issue and allotment of the Consideration Shares, and other transactions contemplated under the Acquisition Agreements;

(iv) the Vendors and the Guarantor having complied with and to the satisfaction of the Stock Exchange and the SFC all requirements under the Listing Rules and/or the Takeovers Code in relation to the sale of the 10% Sale Equity Interest, the 30% Sale Equity Interest and the Sale Share and the respective transactions contemplated under the Acquisition Agreements;

(v) the Purchaser is satisfied with the results of the due diligence review, including but not limited to the satisfaction of the legal, financial and business position and prospects of each of the PRC Target Group Companies, each of the BVI Target Group Companies, and each of the Zhanjiang Projects;

(vi) the receipt by the Purchaser of a legal opinion by a firm of qualified lawyers in the PRC in such form and substance satisfactory to the Purchaser confirming, *inter alia*:

(a) the shareholders of each of the PRC Target Group Companies and the PRC Target Company's ownership and financial interests in its existing assets and business, the Zhanjiang Projects and the PRC Target Company's right to operate the Zhanjiang Projects and the state and conditions of each of the Zhanjiang Projects;

(b) there are no laws, rules, regulations or decisions imposed, promulgated or adopted by any governments, official authorities, regulatory authorities or Guangdong Steel Company, prohibiting or restricting the acquisition of the 10% Sale Equity Interest, the 30% Sale Equity Interest and the Sale Share and change of shareholder or controller of the PRC Target Group Companies and any of the Zhanjiang Projects;

(c) all necessary authorisations, consents, licence and approvals of all relevant governmental or regulatory authorities, agencies or bodies, or any other third party, Guangdong Steel Company, banks, lenders and/or shareholders of the PRC Target Company, the Second Vendor, the Purchaser or the Company, (if required) and/or relevant regulatory authorities of the PRC (if required), required for the implementation of the transactions contemplated in the Acquisition Agreements and to operate the Zhanjiang Projects being obtained and maintained;

(vii) the Purchaser having obtained the Evaluation Report acceptable to the Purchaser with respect to Zhanjiang Projects, which (where applicable) complies with the requirements of the Listing Rules;

(viii) it has not come to the attention of the Purchaser or the Vendors that the representations and warranties and undertakings by the Vendors as set out in the Acquisition Agreements being inaccurate and incorrect in any material respect on the respective date of the Acquisition Agreements and on the respective Completion Dates; and

(ix) it has not come to the attention of the Purchaser or the Vendors that any material adverse changes or effect in respect of each of the PRC Target Group Companies, each of the BVI Target Group Companies, and/or the Zhanjiang Projects has occurred or are likely to occur prior to the respective Completion Dates.

The completion of the 90% Acquisition Agreement and the 10% Acquisition Agreement is subject to the following additional Conditions Precedent respectively:

The 90% Acquisition Agreement:

(x) the receipt by the Purchaser of a legal opinion by a firm of qualified lawyers in the BVI in such form and substance satisfactory to the Purchaser confirming the due incorporation and existence of the Second Vendor and the BVI Target Company, and the Guarantor being the sole shareholder of the Second Vendor, which in turn, is the sole shareholder of the BVI Target Company;

(xi) the receipt by the Purchaser of a legal opinion by a firm of qualified lawyers in the Republic of Singapore confirming the due incorporation and existence and good standing of Freight Links, and New Wealth being the sole shareholder of Freight Links; and

(xii) the First Vendor and the Second Vendor having delivered to the Purchaser documentary evidence satisfactory to the Purchaser that all the relevant government authorities in the PRC have approved the transactions contemplated under the 90% Acquisition Agreement, including but not limited to, the change of ownership of the 90% equity interest in the PRC Target Company from the First Vendor and the Second Vendor to the Purchaser.

The 10% Acquisition Agreement:

(xiii) the 90% Acquisition Agreement having been duly and properly completed in accordance with the terms and conditions therein and the Purchaser having obtained from the First Vendor and the Second Vendor all the necessary approvals for the transactions contemplated under the 90% Acquisition Agreement by the relevant government authorities in the PRC; and

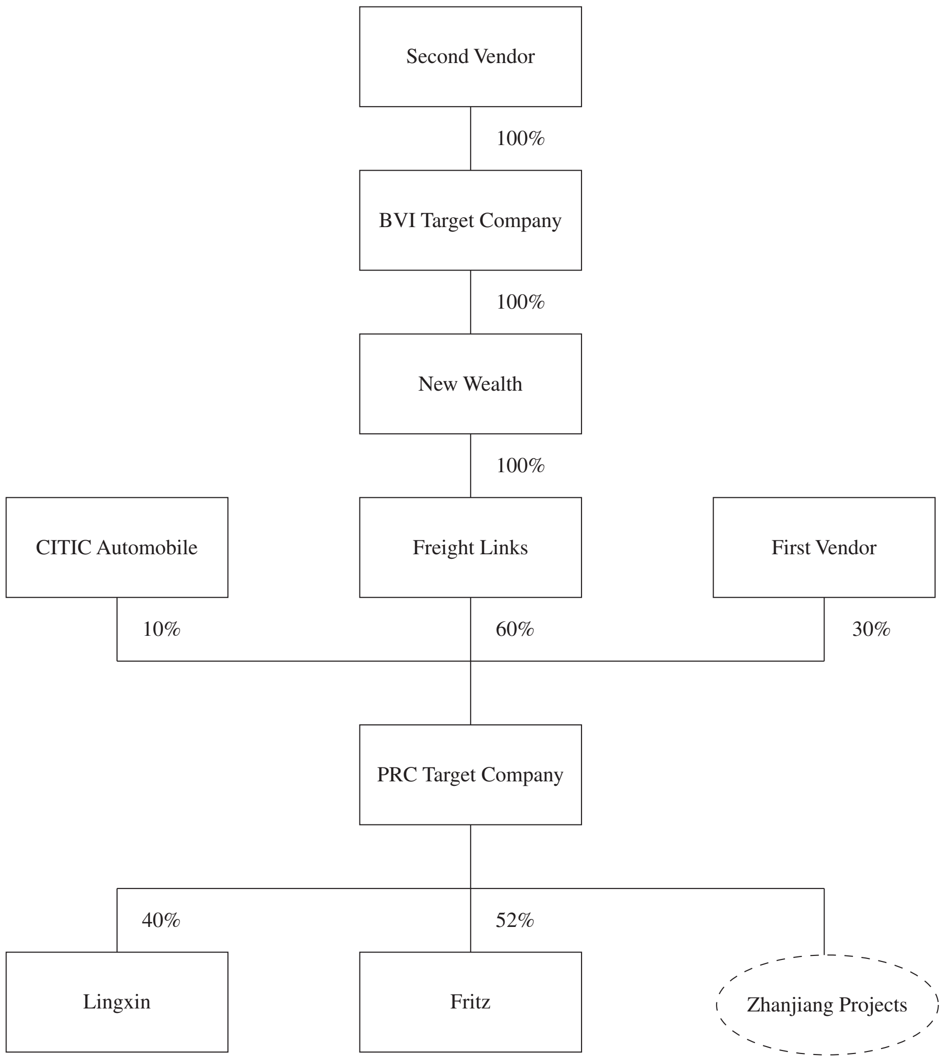
(xiv) the Third Vendor having delivered to the Purchaser documentary evidence satisfactory to the Purchaser that all the relevant government authorities in the PRC have approved the transactions contemplated under the 10% Acquisition Agreement, including but not limited to, the change of ownership of the 10% Sale Equity Interest from the Third Vendor to the Purchaser.

There is no provision in the Acquisition Agreements which allows the Purchaser to waive any Conditions Precedent.

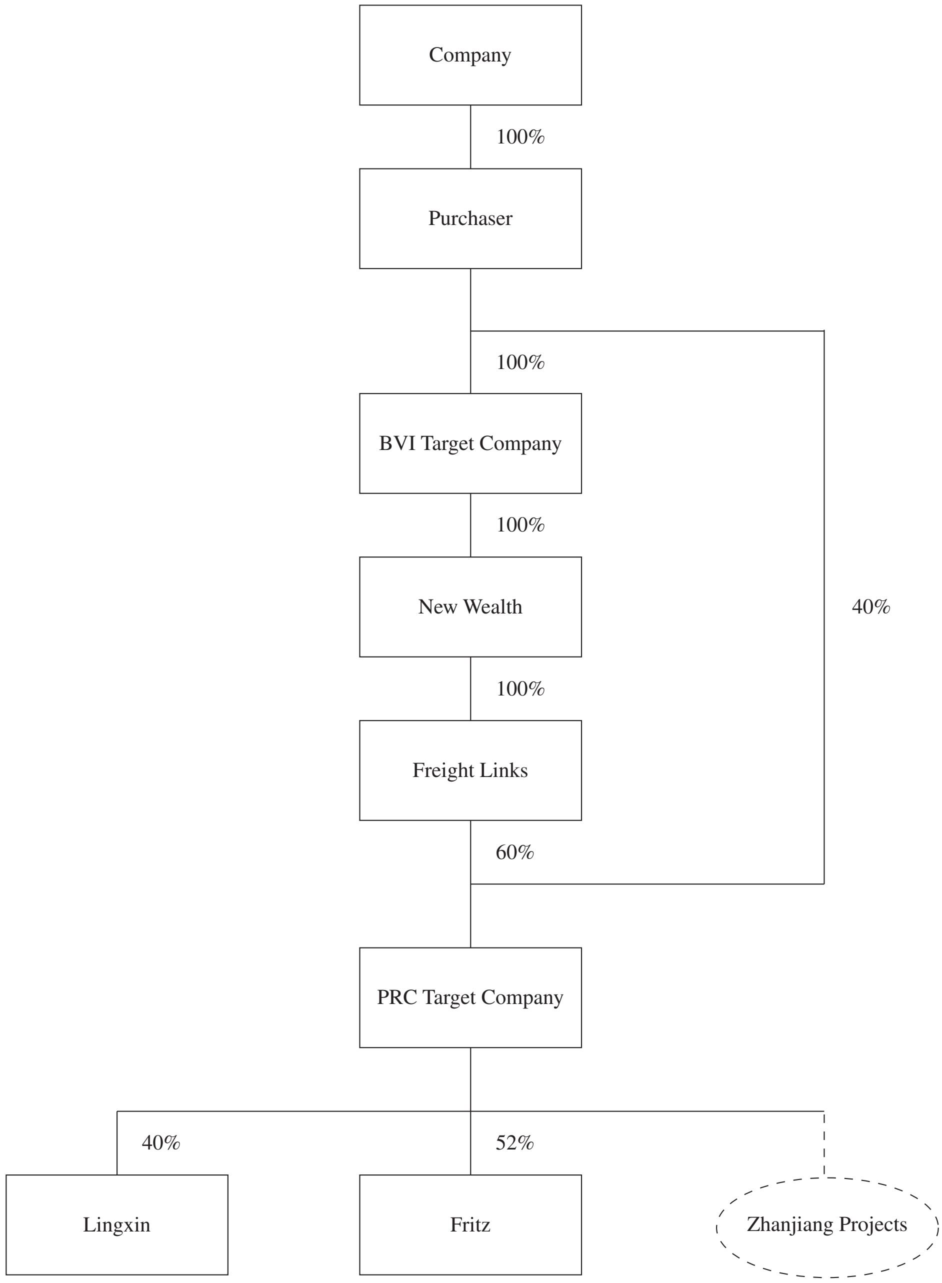
Completion

Completion shall take place on the respective Completion Dates. Upon Completion, the BVI Target Group Companies and the PRC Target Company will become indirect wholly-owned subsidiaries of the Company. Set out below is the simplified corporate structure of the PRC Target Company immediately before and after Completion.

Immediately before Completion:



Immediately after Completion:



EFFECT ON SHAREHOLDING STRUCTURE

The shareholding structures of the Company (i) as at the date of this announcement; (ii) immediately after the issue and allotment of the first 50% of the Consideration Shares to the Vendors upon Completion; (iii) immediately after the issue and allotment of all the Consideration Shares in full to the Vendors; and (iv) immediately after the issue and allotment of the Consideration Shares in full to the Vendors and the full conversion of the Existing Convertible Instruments are shown as follows:

	Shareholding structure as at the date of this announcement		Upon issue of the first 50% of Consideration Shares		Upon issue of Consideration Shares in full		Upon issue of Consideration Shares in full and full conversion of Existing Convertible Instruments by the First Vendor *(Note 1)*	
	No. of Shares	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*
The Vendors and parties acting in concert with any of them								
First Vendor (or as it may direct) *(Note 2)*	1,620,000,000	16.9%	1,738,703,625	17.3%	1,857,407,250	17.7%	6,477,407,250	42.9%
Second Vendor (or as it may direct)	–	0.0%	253,015,966	2.5%	506,031,932	4.8%	506,031,932	3.3%
Third Vendor (or as it may direct)	–	0.0%	82,985,150	0.8%	165,970,300	1.6%	165,970,300	1.1%
Sub-total	1,620,000,000	16.9%	2,074,704,741	20.7%	2,529,409,482	24.1%	7,149,409,482	47.3%
Smart Number Investments Limited *(Note 3)*	612,400,000	6.4%	612,400,000	6.1%	612,400,000	5.8%	612,400,000	4.1%
Public Shareholders	7,350,389,500	76.7%	7,350,389,500	73.2%	7,350,389,500	70.1%	7,350,389,500	48.6%
Total	**9,582,789,500**	**100.0%**	**10,037,494,241**	**100.0%**	**10,492,198,982**	**100.0%**	**15,112,198,982**	**100.0%**

Notes:

1. For illustration purpose only as the First Vendor and parties acting in concert with him or successors of the Existing Convertible Instruments individually will not directly or indirectly control or be interested in Shares of 30% or more in the Company pursuant to the terms of the Existing Convertible Instruments.

2. The First Vendor is an executive Director. According to the disclosure of interests filing, as at the date of this announcement, the First Vendor currently has an interest in 1,620,000,000 Shares and a derivative interest in 4,620,000,000 underlying Shares, represented by the Existing Convertible Instruments in the form of convertible notes issued by the Company in the principal amount of HK$554,400,000.

3. According to the disclosure of interest filings, as at the date of this announcement, these shares are beneficially held by Smart Number Investments Limited ("**Smart Number**"), a company incorporated in the BVI. The entire issued share capital of Smart Number is beneficially owned by two former Directors, Ms. Lam Pik Wah and Mr. Lam Hung Kit, as to 66.67% and 33.33%, respectively. Mr. Lam Yat Keung, an executive Director, is the spouse of Ms. Lam Pik Wah and is accordingly deemed to have interests in these Shares.

INFORMATION OF THE VENDORS

The First Vendor is an executive Director and a substantial shareholder of the Company.

The Second Vendor is an investment holding company.

The Third Vendor is an enterprise established in the PRC which is principally engaged in the investment in and import of technology and equipment of automobiles, components and related industry. The Third Vendor is also engaged in the manufacture and sale of automobiles and components and related business. The equity interest of the Third Vendor is directly wholly-owned by 中國中信集團 (CITIC Group), a conglomerate incorporated in the PRC.

INFORMATION OF THE BVI TARGET GROUP COMPANIES AND THE PRC TARGET GROUP

The BVI Target Group Companies, which include the BVI Target Company, New Wealth and Freight Links, are all investment holding companies, whose principal activities are their holding of the shareholding or equity interest of their respective subsidiary.

BVI Target Company

Based on the latest management accounts of the BVI Target Company, which were prepared according to the HKFRSs, the value of the net liabilities of the BVI Target Company as at 31 December 2010 was US$1,574 (equivalent to approximately HK$12,222). The BVI Target Company had no turnover and recorded loss (both before and after taxation) of US$1,575 (equivalent to approximately HK$12,230) from 3 March 2010 (its date of incorporation) to 31 December 2010.

The Sale Share was acquired by the Second Vendor on 29 April 2010 at the consideration of HK$121,769,970.

New Wealth

Based on the latest management accounts of New Wealth, which were prepared according to the HKFRSs, the value of net liabilities of New Wealth as at 31 December 2010 was approximately HK$13.33 million. New Wealth recorded no turnover and had recorded net loss (either before or after taxation) of approximately HK$13.33 million for the period commencing on 18 March 2010 (its date of incorporation) to 31 December 2010.

Freight Links

Based on the latest management accounts of Freight Links which were prepared according to the Singapore Financial Reporting Standards, the value of net assets of Freight Links as at 31 December 2010 was SG$17.98 million (equivalent to approximately HK$108.54 million). For each of the two years ended 30 April 2010 immediately preceding the Acquisitions and the 8-month ended 31 December 2010, Freight Links recorded:

	For the period commencing on 14 March 2008 (date of incorporation) to 30 April 2009 *(SG$'000)* (unaudited)	**For the year ended 30 April 2010** *(SG$'000)* (unaudited)	**For the 8 months ended 31 December 2010** *(SG$'000)* (unaudited)
Revenue	–	–	–
Net profit (loss) before taxation	1,222	(1,189)	(5)
Net profit (loss) after taxation	1,222	(1,189)	(5)

PRC Target Group

The PRC Target Group, which includes the PRC Target Company, Fritz and Lingxin, is principally engaged in the provision of logistics and related services mainly including chemical logistics, engineering logistics, freight forwarding and logistics project management in the PRC.

The PRC Target Company is owned by Freight Links, the First Vendor and the Third Vendor as to 60%, 30% and 10% respectively. As at the date of this announcement, the PRC Target Company owns 52% equity interest in Fritz and 40% equity interest in Lingxin respectively. Other than being owned by the Third Vendor as to 10%, the PRC Target Company has no other relationship with 中國中信集團 (CITIC Group).

Fritz, as a non-wholly-owned subsidiary of the PRC Target Company, is currently held by the PRC Target Company, the First Vendor and an independent third party as to 52%, 5% and 43% respectively. Fritz is principally engaged in the provision of logistics and related services mainly including, general freight, cargo-only transportation (containers, frozen products, canned products), bulk transportation, dangerous goods transportation, logistic services, delivery of vehicles for sale, warehousing, joint cargo transportation, technology development, technology advisory, freight agent, rental of small cars mainly in the PRC.

Lingxin, as an associate company of the PRC Target Company, is held by the PRC Target Company and an independent third party as to 40% and 60% respectively. As such, the financial results, assets and liabilities of Lingxin are not consolidated into the PRC Target Company's financial statements. Lingxin is principally engaged in the provision of logistics and related services mainly including, road transportation for general cargo, freight station (freight agent, warehousing), international freight agent, batch packaging, distribution services, technology development, technology advisory mainly in the PRC.

Based on the latest consolidated management accounts of the PRC Target Company prepared in accordance with the PRC Accounting Standards and Regulations, the PRC Target Company had unaudited consolidated net assets attributable to the shareholders of approximately RMB56.23 million as at 31 December 2010. Further information of the PRC Target Company is set out as below.

	For the year ended 31 December	
	2009	**2010**
	(RMB'000)	*(RMB'000)*
	(unaudited)	(unaudited)
Turnover	142,432	114,236
Loss before taxation	(11,090)	(7,930)
Loss after taxation	(12,531)	(10,868)

The PRC Target Company has a fully paid up registered capital of RMB100 million. The 30% Sale Equity Interest was acquired by the First Vendor at an original purchase price of RMB30 million. The original cost of the 10% Sale Equity Interest to the Third Vendor was RMB10 million, being the capital contributed by the Third Vendor on a pro-rata basis in respect of its 10% equity interest in the PRC Target Company.

As at the date of this announcement, the PRC Target Group owns certain projects of which legally binding agreements have been signed. There are also certain major prospective projects, mainly including the Zhanjiang Related Projects, which the PRC Target Group is in a good position to conclude a relevant formal contract although no definitive terms have been agreed at this stage. Set out below are the details of these projects.

Zhanjiang Projects

After an open tender process, on 26 September 2010, the PRC Target Company and Guangdong Steel Company, a third party independent of the Company and its connected persons, entered into the Zhanjiang Formal Agreements including the Zhanjiang Raw Materials Project Agreement and Zhanjiang Specialised Tanker Project Agreement.

Guangdong Steel Company was established in the PRC, which is 80% owned by Baosteel Group Corporation Limited and 20% by State-owned Assets Supervision and Administration Commission of Guangdong Province and Guangzhou City (廣東省國資委和廣州市國資委). Guangdong Steel Company is in the process of constructing the Zhanjiang Steel Base located on the Donghai Island, Zhanjiang City, Guangdong Province (廣東省湛江市東海島) with a total development area of approximately 12.6 square kilometers. Based on the existing plan and information available, the Zhanjiang Steel Base will produce high-end steel products with initial steel production capacity being 10 million tonnes annually, and the total investment amount for the project in the Zhanjiang Steel Base is estimated to be over RMB50 billion.

Both the Zhanjiang Projects will adopt BOO (Build-Own-Operate) mode, pursuant to which, the PRC Target Company has been granted the exclusive rights of eight years (including the construction period and operation period), which was commenced in 2010 and will end in 2018, to invest, build and operate the Zhanjiang Projects.

Under the Zhanjiang Raw Materials Project, the PRC Target Company will be responsible for the investment in relevant vehicles, equipment and office equipment including dumper trucks (傾翻車), bucket trucks (吊斗車), watering trucks (灑水車), loading and unloading equipment (配套裝卸機械), which are normally used for the transportation of general raw materials. Under the Zhanjiang Specialised Tanker Project, the PRC Target Company will invest in certain special vehicles, equipment and office equipment including pulling and pumping tankers (吸引壓送罐車), chemical tankers (藥品罐車), vacuum sludge suction tankers (真空污泥罐車), which are normally used for hazardous or dangerous raw or chemical materials that require sealed transportation. Under the Zhanjiang Projects, the various raw materials or chemicals to be transported under Zhanjiang Projects will be used in the production of steel products by Zhanjiang Steel Base. The PRC Target Company will, through the operation and maintenance of the above vehicles and equipment, provide logistics services to Guangdong Steel Company on the Donghai Island during the exclusivity period.

Guangdong Steel Company, save for the provision of a land area in the Zhanjiang Steel Base to the PRC Target Company for its establishment of maintenance centres, will not invest in any of the facilities being established under the Zhanjiang Projects. Instead, the PRC Target Company will be responsible for the investments and will generate income by charging Guangdong Steel Company for the logistics services at agreed initial units rates ranging from RMB1.06 to RMB10.26, which will be reviewed and determined by both parties periodically with reference to, *inter alia*, the logistics vehicles involved, the weight of the materials, the transportation distance, direct labour costs and fuel charges as stipulated in the Zhanjiang Formal Agreements.

The services to be provided by the PRC Target Company will cover both the transportation within the Zhanjiang Steel Base, as well as transportation in and out of the Zhanjiang Steel Base within the Donghai Island. As such, the PRC Target Company will be setting up maintenance centers both within and outside the Zhanjiang Steel Base. The maintenance centers will serve the maintenance and repair requirements of all vehicles and equipment related to the Zhanjiang Steel Base. The PRC Target Company will have the legal ownership of such invested facilities and logistics vehicles under the Zhanjiang Formal Agreements.

Under the Zhanjiang Formal Agreements, a project company shall be set up for the purpose of investment, construction and operation of the Zhanjiang Projects. Such project company is expected to be established by the end of first quarter of 2011 as planned and registered in Zhanjiang, Guangdong Province, the PRC.

At the end of the 8-year exclusivity period, Guangdong Steel Company and the PRC Target Company may renew the existing agreements, whose terms are subject to negotiations, for a new exclusivity period. In the event that no new agreements are concluded, Guangdong Steel Company may acquire from the PRC Target Company its invested facilities and logistics vehicles under the Zhanjiang Projects at a consideration to be certified by an appraiser, which is independent and acceptable by both parties.

According to the draft Evaluation Report, which is prepared based upon the latest information available, the preliminary aggregate net present value of the Zhanjiang Projects was approximately RMB110 million as at 31 December 2010.

According to the existing development plans and prevailing costs of construction and installation, it is estimated that the total investment in the Zhanjiang Projects will be approximately RMB490 million from 2011 to 2014. According to the existing plan, around 40% of the funds required for investment in the Zhanjiang Projects will be financed by bank loans and the balance of around 60% will be financed by fund raising activities in the Hong Kong equity market and/or internal cash. As at the date of this announcement, no definitive terms have been decided in relation to such fund raising exercises. As the Hong Kong financial market is very active with high liquidity and the Zhanjiang Projects will be developed in phases, the Directors consider that there will be sufficient funding resources for the development of the Zhanjiang Projects. The Directors will make relevant disclosure to the market by the publication of further announcement(s) pursuant to the requirements of the Listing Rules as and when necessary.

As at the date of this announcement, based on the information available to the PRC Target Company and the Group, the Company understands that the project in relation to the Zhanjiang Steel Base was still in the process of obtaining the approval from the National Development and Reform Commission. In addition, based on observations from the site visits conducted by both the PRC Target Company and the Group, the Company also understands that the major land requisition and reconstruction works (征地拆遷建設工作) for the Zhanjiang Steel Base have been completed and infrastructure construction work of the Zhanjiang Steel Base has started. A pellet plant (鋼球團廠) located in the Zhanjiang Steel Base has been built as one of ancillary plants for the Zhanjiang Steel Base.

Zhanjiang Related Projects

Further to the Zhanjiang Formal Agreements, the PRC Target Company is also in discussion with Guangdong Steel Company with a view to securing the Zhanjiang Related Projects. On 26 September 2010, the PRC Target Company has entered into the Strategic Cooperation Agreement with Guangdong Steel Company. Pursuant to the Strategic Cooperation Agreement, the PRC Target Company and Guangdong Steel Company agreed to establish comprehensive strategic cooperation partnership and cooperate fully in all-around areas including the Zhanjiang Related Projects comprising engineering equipment transportation, raw materials transportation, auxiliary materials transportation, finished products transportation, etc. for the Zhanjiang Steel Base.

Under the Zhanjiang Scrap Steel Project, the PRC Target Company expects it will invest, build, and operate the Scrap Steel Processing and Distribution Center（廢鋼加工及配送中心）. Scrap steel is an important raw material used in steel production. The PRC Target Company plans to source raw scrap steel both internationally, especially from the United States, Europe, and Japan, and domestically. It is expected that the Scrap Steel Processing and Distribution Centre will process the raw scrap steel collected into qualified scrap steel for supplying to the Zhanjiang Steel Base.

Under the Zhanjiang Domestic Transportation Project, the PRC Target Company expects that it will provide logistics services to transport key raw materials such as calcium carbonate（石灰石）, coking coal（焦煤）, thermal coal（電煤）, pulverized coal（高爐噴煤）and dolomite（白雲石）, etc. to the Zhanjiang Steel Base.

Under the Zhanjiang Finished Products Distribution Project, the PRC Target Company expects it will be responsible for the provision of warehousing and distribution services for the finished products, which comprise mainly high-end steel products, produced at the Zhanjiang Steel Base. It is expected that the finished products of the Zhanjiang Steel Base will be stored in warehouses to be built in southern China by the PRC Target Company, and the PRC Target Company intends to expand its warehousing capacity space in order to meet the projected needs of Guangdong Steel Company.

In addition to the three aforementioned auxiliary components, under the Strategic Cooperation Agreement, the PRC Target Company is in continual discussion with Guangdong Steel Company to formalize several other components, including the investment and operation of two gas stations within the Zhanjiang Steel Base. The planned gas stations within Zhanjiang Steel Base will cover energy needs for all vehicles and equipment related to Guangdong Steel Company, etc..

The Zhanjiang Related Projects require further negotiations between the PRC Target Company and Guangdong Steel Company and may or may not be concluded. In addition, as set out in paragraph headed "Other terms" above, pursuant to the Acquisition Agreements, the Company agreed that if the PRC Target Company and the Guangdong Steel Company or its representative company enters into formal agreement(s) in relation to the Zhanjiang Related Projects, the Purchaser shall negotiate with the Vendors for payment(s) of further amount to the Vendors. The issuance of this announcement does not imply that any definitive terms have been agreed.

The Company will comply with the requirements of the Listing Rules by making announcement(s) where appropriate should there be any development regarding the Zhanjiang Related Projects.

Tangshan Projects

On 24 September 2010, a project company being a subsidiary of the PRC Target Company entered into the Tangshan Formal Agreements in relation to the construction work of a tourism road and a cross-sea bridge for Tangshan Bay Three Islands Tourism Resort in Tangshan, Hebei Province.

During the due diligence process, it has come to the attention of the Purchaser and the Company that 唐山灣三島旅遊區旅遊開發建設有限公司 (Tangshan Bay Three Islands Tourism Resort Development and Construction Company Limited*) and 唐山市城市建設投資有限公司 (Tangshan City Construction and Investment Company Limited*) could not provide the standby letters of credit or local bank guarantees for the possible funding from the Hong Kong banks for the construction of the Tangshan Projects. The Board considers that such guarantees are necessary given the recent shift in the PRC's monetary policy to "prudent" from "moderately loose". The PRC government is likely to accelerate the pace of tightening this year, including the local government financing platform. Against this backdrop the Board sees potential financial risk despite the guarantees from 唐山市城市建設投資有限公司 (Tangshan City Construction and Investment Company Limited*). As requested by the Company and the Purchaser and confirmed by the PRC Target Company, the PRC Target Company will not proceed with the Tangshan Projects. Pursuant to the Tangshan Formal Agreements, if the project company fails to perform its obligations thereunder without reasonable excuse, Tangshan Bay Three Islands Tourism Resort Development and Construction Company Limited* is entitled to claim compensation of up to 5% of the construction costs, i.e. 5% of approximately RMB1.36 billion, of the Tangshan Projects. Pursuant to the 90% Acquisition Agreement, the First Vendor and Second Vendor jointly and severally agreed to indemnify the Purchaser in respect of any actions, suits, claims, demands, losses, charge costs and expenses which the PRC Target Company may suffer or incur as a result of the termination of the Tangshan Formal Agreements after Completion.

Risk factors

As set out in the paragraphs under the heading "Zhanjiang Projects" above, as at the date of this announcement, based on the information available to the PRC Target Company and the Group, the Company understands that the project in relation to the Zhanjaing Steel Base was still pending the approval from National Development and Reform Commission. In the event that the project in relation to the Zhanjiang Steel Base could not obtain the approval from National Development and Reform Commission and/or any other relevant PRC government authorities, the Zhanjiang Formal Agreements would not be able to be implemented as expected, thus the Enlarged Group's financial position could be affected.

As the PRC Target Company will only be granted the exclusive right of eight years (including the construction period and operation period) to invest, build and operate the Zhanjiang Raw Materials Project and Zhanjiang Specialised Tanker Project, any delay in completion of any of these projects will shorten the operation period during which the PRC Target Company enjoys the exclusivity. In addition, there is no assurance that the right to operate the Zhanjiang Raw Material Project and/or Zhanjiang Specialised Tanker Project can be renewed upon expiry of the exclusivity period. As a result, the Enlarged Group's financial position could be affected.

The future profitability of the Zhanjiang Projects to a great extent relies upon the production capacity of Zhanjiang Steel Base. In the event that Guangdong Steel Company changes the development plan of Zhanjiang Steel Base to reduce its production scale or operate in less than its full capacity, the financial position of the Enlarged Group could be affected.

The future income of the Enlarged Group from the Zhanjiang Projects will be generated by charging Guangdong Steel Company for its logistics services to be provided at agreed rates, which will be reviewed and agreed by both parties periodically, pursuant to the terms of the Zhanjiang Formal Agreements. In the event that the costs of the Enlarged Group for the provision of the relevant services under the Zhanjiang Projects increase, but both parties cannot agree on revised higher rates favorable to the Enlarged Group, the financial position of the Enlarged Group could be affected.

In addition, as the Enlarged Group needs to raise additional funds to finance the Zhanjiang Projects, in the event that the Enlarged Group can not raise enough funds to finance the Zhanjiang Projects or the costs of funding raises increase substantially, the financial position of the Enlarged Group could be affected.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group is principally engaged in manufacturing and trading of electronic and electrical parts and components, as well as the provision of logistics services.

The Board considers that the Acquisitions will further strengthen the logistics services business of the Group by providing an established platform to participate in large-scale industrial projects in the PRC. Apart from the opportunities to secure more logistics and related projects, it will also expand the Group's scope of logistics services to engineering logistics and logistics project management from chemical logistics and shipping services. It will also allow the Group to integrate logistics and business flow and support its clients to complete the finished products logistics services.

The Board also considers that, after completion of the Acquisition Agreements, the Group will gain complete control of the PRC Target Company, which will allow the Company more autonomy and flexibility to the business operations of the PRC Target Company in the future. In addition, the issue of the relevant Consideration Shares to the Second Vendor and the Third Vendor will also broaden the shareholders base of the Company by the introduction of the Second Vendor and CITIC Automobile as new Shareholders.

Moreover, through the Acquisitions, the Group effectively takes control over the Zhanjiang Projects, which are secured by the PRC Target Company, and strengthens significantly the Company's logistics business. By further leveraging the market position and industry qualifications of the PRC Target Group in the PRC, the Group will gain a better position in entering into the prospective logistics projects in the PRC.

Furthermore, taking into account the business nature of the PRC Target Group and the fair value of the Zhanjiang Projects (after adjustments of shareholders loans and equity interest attributable the shareholders of the PRC Target Company), the Consideration shall be a reasonable reflection of the fair value of the PRC Target Group. Additional benefits of the other prospective projects (which are not bases of the considerations) to the Group may arise in the medium term following Completion.

In addition, the Directors consider that the Zhanjiang Related Projects, if the relevant formal agreement(s) can be entered into with the Guangdong Steel Company or its representative company, can further enhance the Group's scale of operations in the Zhanjiang Steel Base, which will in turn generate synergy with the Zhanjiang Projects, transferable knowledge and additional on-going revenue to the Group.

Having considered the above, the Directors are of the view that the terms of the Acquisition Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Having considered the applicable percentage ratios (as defined under the Listing Rules), the Acquisitions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Moreover, to the best of the Directors' knowledge and information, the First Vendor is a connected person of the Company by virtue of his substantial shareholdings and directorships in the Company and the PRC Target Company. As such, the Acquisitions also constitute non-exempted connected transactions under Chapter 14A of the Listing Rules which are subject to the reporting, announcement and independent shareholders' approval requirements. Accordingly, the Company will seek Independent Shareholders' approval at the SGM by way of poll for the Acquisition Agreements and the transactions contemplated thereunder.

GENERAL

The SGM will be held by the Company for the Independent Shareholders to consider, and if thought fit, to pass the resolutions approving, *inter alia*, (i) the Acquisition Agreements and the respective transactions contemplated thereunder; and (ii) the issue and allotment of the Consideration Shares. The Vendors and their respective associates will abstain from voting on the resolutions in relation to the Acquisition Agreements to be proposed at the SGM.

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the terms of the Acquisition Agreements. The Company has appointed KBC Bank NV Hong Kong Branch as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, further details of the Acquisition Agreements, together with a letter of advice from the Independent Board Committee and a letter of recommendation from the independent financial adviser in respect of the Acquisition Agreements, and a notice of the SGM, is expected to be despatched to the Shareholders on or before 28 February 2011.

DEFINITIONS

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

"10% Acquisition Agreement"	the acquisition agreement dated 11 February 2011 entered into between the Purchaser and the Third Vendor in relation to the acquisition of the 10% Sale Equity Interest
"10% Completion Date"	a date falling within 5 business days after the fulfillment of the Conditions Precedent applicable to the 10% Acquisition Agreement and the date on which the completion of 10% Acquisition Agreement takes place
"10% Sale Equity Interest"	10% equity interest of the PRC Target Company, which is directly owned by the Third Vendor
"30% Sale Equity Interest"	30% equity interest of the PRC Target Company, which is directly owned by the First Vendor
"60% Sale Equity Interest"	60% equity interest of the PRC Target Company, which is directly owned by Freight Links
"90% Acquisition Agreement"	the acquisition agreement dated 11 February 2011 entered into between the Purchaser, the First Vendor, the Second Vendor and the Guarantor in relation to the acquisitions of the 30% Sale Equity Interest and the Sale Share
"90% Completion Date"	a date falling within 5 business days after the fulfillment of the Conditions Precedent applicable to the 90% Acquisition Agreement and the date on which the completion of 90% Acquisition Agreement takes place
"acting in concert"	has the meaning ascribed thereto under the Takeovers Code
"Acquisitions"	the acquisitions of the 30% Sale Equity Interest, the Sale Share and the 10% Sale Equity Interest by the Purchaser under the Acquisition Agreements
"Acquisition Agreements"	the 90% Acquisition Agreement and the 10% Acquisition Agreement
"associate(s)"	has the meaning ascribed thereto under the Listing Rules

"Board"	the board of Directors
"business day(s)"	any day (not being a Saturday, Sunday, public holiday or days on which a typhoon signal number 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks are generally open for business in Hong Kong
"BVI"	the British Virgin Islands
"BVI Completion Accounts"	the audited consolidated accounts of the BVI Target Company or individual accounts of the BVI Target Group Companies for the period commencing from 1 January 2011 to the 90% Completion Date, prepared in accordance with HKFRSs and issued by an accountants firm qualified in Hong Kong
"BVI Target Company"	Sino Summit Investments Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Second Vendor
"BVI Target Group Companies"	the BVI Target Company, New Wealth and Freight Links
"Company"	Sino-Tech International Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
"Completion"	completion of the Acquisitions
"Completion Accounts"	the PRC Completion Accounts and the BVI Completion Accounts
"Completion Dates"	the 10% Completion Date and the 90% Completion Date
"Conditions Precedent"	the conditions precedent of the Acquisition Agreements, details of which are set out in the section headed "Conditions Precedent" of this announcement
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the aggregate consideration of HK$257,362,884 (subject to adjustment) for the Acquisitions under the Acquisition Agreements

"Consideration Shares"	a maximum of 909,409,482 new Shares to be issued and allotted by the Company to the Vendors or as they may direct as payment for the Consideration
"Controlled Companies"	in respect of a company, the Third Vendor and/or its holding company holding the largest percentage of shareholding or issued share capital of that company. In the event that the shareholding of that company is equal amongst its shareholders, the Third Vendor and/or its holding company having the right to nominate or appoint the largest number of directors to that company
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group after the Completion, including the BVI Target Group Companies and the PRC Target Group Companies
"Evaluation Report"	the evaluation report in respect of the Zhanjiang Projects to be prepared by a firm of professional valuers
"Existing Convertible Instruments"	all the existing financial instruments convertible into 4,620,000,000 Shares as at the Latest Practicable Date
"First Consideration"	the consideration in the amount of HK$67,186,252 payable by the Purchaser to the First Vendor or any other person(s) as may be directed by him for the sale and purchase of the 30% Sale Equity Interest under the 90% Acquisition Agreement
"First Retained Consideration"	HK$33,593,126 out of the First Consideration (being 50% of the First Consideration) to be retained by the Purchaser as a security of the payment of the First Deficit as set out in section headed "Completion deficit" in this announcement
"First Vendor"	Mr. Li Wei Min, an executive Director and a substantial shareholder of the Company, who owns 30% Sale Equity Interest
"Freight Links"	Freight Links Capital Pte. Limited, a company incorporated in the Republic of Singapore with limited liability and a direct wholly-owned subsidiary of New Wealth

"Fritz"	中信物流飛馳有限公司 (CITIC Logistics Fritz Company Limited), a company incorporated in the PRC with limited liability and 52% equity interest in which is owned by the PRC Target Company
"Group"	the Company and its subsidiaries
"Guangdong Steel Company	廣東鋼鐵集團有限公司 (Guangdong Steel Group Company Limited*), a state-owned enterprise incorporated in the PRC with limited liability
"Guarantor"	Mr. Lim Chuan Yang, the sole beneficial owner of the entire issued share capital of the Second Vendor
"HKFRSs"	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board comprising all independent non-executive Directors to be established to advise the Independent Shareholders in relation to the Acquisitions
"Independent Shareholders"	the Shareholders excluding the Vendors and their respective associates
"Last Trading Date"	11 February 2011, being the last trading date prior to the signing of the Acquisition Agreements
"Lingxin"	寧波菱信物流有限公司 (Ningbo Lingxin Logistics Company Limited*), a company incorporated in the PRC with limited liability and 40% equity interest in which is owned by the PRC Target Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Wealth"	New Wealth Logistics Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the BVI Target Company

"Original Acquisition Agreements"	the two acquisition agreements dated 6 October 2010 (as supplemented by a supplemental agreement dated 14 December 2010) and 25 November 2010 in relation to the acquisition of the 30% Sale Equity Interest and the Sale Share, and the 10% Sale Equity Interest respectively by the Purchaser
"PRC"	the People's Republic of China, for the purpose of this announcement only, excludes Hong Kong, Taiwan and the Macau Special Administrative Region
"PRC Completion Accounts"	the audited consolidated accounts of the PRC Target Company for the period commencing from 1 January 2011 to the 90% Completion Date, prepared in accordance with HKFRSs and issued by an accountants firm qualified in Hong Kong
"PRC Projects"	the Zhanjiang Projects, the Zhanjiang Related Projects and the Tangshan Projects
"PRC Target Company"	中信物流有限公司(CITIC Logistics Company Limited), a company incorporated in the PRC with limited liability
"PRC Target Group Companies"	the PRC Target Company, Fritz and Lingxin
"Purchaser"	CITIC Logistics (International) Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"Retained Consideration"	the First Retained Consideration, the Second Retained Consideration and the Third Retained Consideration
"Retained Consideration Shares"	a maximum of 454,704,741 Consideration Shares to be issued and allotted by the Company to satisfy the payment of the Retained Consideration or the remaining balance of the Retained Consideration if the completion deficit occurs under the Acquisition Agreements
"Sale Equity Interest"	the entire equity interest of the PRC Target Company, of which 30% is owned by the First Vendor, 60% is owned by Freight Links and 10% is owned by the Third Vendor

"Sale Share"	1 ordinary share of US$1.00 in the issued capital of the BVI Target Company, representing its entire issued capital
"Second Consideration"	the consideration in the amount of HK$143,207,037 payable by the Purchaser to the Second Vendor or any other person(s) as may be directed by it for the sale and purchase of the Sale Share under the 90% Acquisition Agreement
"Second Retained Consideration"	HK$71,603,518.50 out of the Second Consideration (being 50% of the Second Consideration) to be retained by the Purchaser as a security of the payment of the Second Deficit as set out in section headed "Completion deficit" in this announcement
"Second Vendor"	Pioneer Blaze Limited, a company incorporated in the BVI with limited liability which is wholly-owned by the Guarantor and the owner of the Sale Share
"Second Vendor's Loan"	a loan in the amount of HK$162,069,963.62 owed by New Wealth to the Second Vendor
"Share(s)"	ordinary share(s) of HK$0.01 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"SFC"	the Securities and Futures Commission of Hong Kong
"SGM"	the special general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, (i) the Acquisition Agreements and the respective transactions contemplated thereunder; and (ii) the issue of the Consideration Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic Cooperation Agreement"	the strategic cooperation agreement entered into between the PRC Target Company and Guangdong Steel Company on 26 September 2010 with respect to, inter alia, the Zhanjiang Related Projects
"substantial shareholder(s)"	has the same meaning ascribed thereto under the Listing Rules

"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Tangshan Road Project"	the project in relation to the construction of the Tangshan Bay Three Islands Tourism Road（唐山灣三島旅遊專用道路工程項目）under the Tangshan Road Project Agreement
"Tangshan Road Project Agreement"	the formal agreement dated 24 September 2010 entered into among 唐山灣三島旅遊區旅遊開發建設有限公司 (Tangshan Bay Three Islands Tourism Resort Development and Construction Company Limited*, which is the representative company of Tangshan Headquarters), 唐山市城市建設投資有限公司 (Tangshan City Construction and Investment Company Limited*) as guarantor and a project company being the PRC Target Company's subsidiary with respect to the Tangshan Road Project
"Tangshan Bridge Project "	the project in relation to the construction of the Tangshan Bay Cross-Sea Bridge（唐山灣跨海大橋工程項目）under the Tangshan Bridge Project Agreement
"Tangshan Bridge Project Agreement"	the formal agreement dated 24 September 2010 entered into among 唐山灣三島旅遊區旅遊開發建設有限公司 (Tangshan Bay Three Islands Tourism Resort Development and Construction Company Limited*, which is the representative company of Tangshan Headquarters), and 唐山市城市建設投資有限公司 (Tangshan City Construction and Investment Company Limited*) as guarantor and a project company being the PRC Target Company's subsidiary with respect to the Tangshan Bridge Project
"Tangshan Formal Agreements"	the Tangshan Road Project Agreement and the Tangshan Bridge Project Agreement
"Tangshan Headquarters"	the Development and Construction Headquarters for the Three Islands Tourism Area of Tangshan Bay*（唐山灣三島旅遊區開發建設指揮部辦公室）
"Tangshan Projects"	Tangshan Road Project and Tangshan Bridge Project

"Third Consideration"	the consideration in the amount of HK$46,969,595 payable by the Purchaser to the Third Vendor or any other person(s) as may be directed by it for the sale and purchase of the 10% Sale Equity Interest under the 10% Acquisition Agreement
"Third Retained Consideration"	HK$23,484,797.50 out of the Third Consideration (being 50% of the Third Consideration) to be retained by the Purchaser as a security of the payment of the Third Deficit as set out in section headed "Completion deficit" in this announcement
"Third Vendor" or "CITIC Automobile"	中信汽車公司 (CITIC Automobile Company Limited*), an enterprise established in the PRC which owns the 10% Sale Equity Interest and the equity interest in which is directly wholly-owned by 中國中信集團 (CITIC Group), a conglomerate incorporated in the PRC
"Vendors"	the First Vendor, the Second Vendor and the Third Vendor
"Zhanjiang Domestic Transportation Project"	the project relating to the provision of services for domestic transportation（國內運輸）of raw materials, auxiliary materials and equipment for the Zhanjiang Steel Base（湛江鋼鐵基地）of Guangdong Steel Company
"Zhanjiang Finished Product Distribution Project"	the project relating to the distribution of finished products including warehousing and delivery（產成品配送及配套）for the Zhanjiang Steel Base（湛江鋼鐵基地）of Guangdong Steel Company
"Zhanjiang Formal Agreements"	the two formal agreements both dated 26 September 2010 entered into between the PRC Target Company and Guangdong Steel Company in respect of the Zhanjiang Raw Materials Project and the Zhanjiang Specialised Tanker Project respectively
"Zhanjiang Projects"	Zhanjiang Raw Materials Project and Zhanjiang Specialised Tanker Project under the Zhanjiang Formal Agreements
"Zhanjiang Raw Materials Project"	the project in relation to the provision of raw materials transportation/logistics and relating services with the Zhanjiang Steel Base（湛江鋼鐵基地）of Guangdong Steel Company

"Zhanjiang Related Projects"	Zhanjiang Scrap Steel Project, Zhanjiang Domestic Transportation Project and Zhanjiang Finished Product Distribution Project
"Zhanjiang Scrap Steel Project"	the project relating to the provision of services for collection, processing and delivery of scrap steel（廢鋼加工及配送中心）for Guangdong Steel Company
"Zhanjiang Specialised Tanker Project"	the project in relation to the provision of specialised tanker transportation/logistics and relating services with the Zhanjiang Steel Base（湛江鋼鐵基地）of Guangdong Steel Company
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the law currency of the PRC
"SG$"	Singapore dollar(s), the lawful currency of the Republic of Singapore
"US$"	United States dollar(s), the lawful currency of the United States of America

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK$1.1752, SG$1.00 = HK$6.0367 and US$1.00 = HK$7.7648 have been used for currency translation, where applicable. Such exchange rate is for illustration purpose only and does not constitute a representation that any amount in HK$, RMB, SG$ and US$ have been, could have been or may be converted at such or any other rates or at all.

Certain English translation of Chinese names or words in this announcement are included for information only, and are not official English translations of such Chinese names or words.

By Order of the Board of
Sino-Tech International Holdings Limited
Huang Hanshui
Executive Director

Hong Kong, 11 February 2011

As at the date of this announcement, the Board comprises Mr. Li Weimin, Mr. Wang Jianzhi, Mr. Lam Yat Keung and Mr. Huang Hanshui as executive Directors; Academician Liu Renhuai and Mr. Xin Luo Lin as non-executive Directors; and Mr. Ho Chi Fai, Ms. Liu Yanfang and Professor Ma Hongwei as independent non-executive Directors.