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SINO-TECH INTERNATIONAL HOLDINGS LIMITED

泰豐國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 724)

MAJOR AND CONNECTED TRANSACTION

ACQUISITION OF 90% INTEREST IN CITIC LOGISTICS COMPANY LIMITED INVOLVING THE ISSUE OF CONVERTIBLE NOTES

RESUMPTION OF TRADING

ACQUISITION AGREEMENT

On 6 October 2010, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement, pursuant to which the First Vendor agreed to sell the Sale Equity Interest and the Second Vendor agreed to sell the Sale Share to the Purchaser at the aggregate consideration of HK\$1,844,377,221. The Consideration is to be satisfied by the issue of the Convertible Notes.

The Consideration for the Acquisition will be satisfied by the issue of the Convertible Notes by the Company in an aggregate principal sum of HK\$1,844,377,221 (subject to adjustment) to the Vendors, which will be convertible into 4,610,943,052 Conversion Shares at a conversion price of HK\$0.40 per Conversion Share.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) for the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major acquisition of the Company under 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 directorship in the Company. As such, the Acquisition also constitutes a non-exempted connected transaction which is 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 Agreement and the transactions therein.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 6 October 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 on the Stock Exchange with effect from 9:30 a.m. on 11 October 2010.

BACKGROUND

Reference is made to the announcements of the Company dated 21 September 2010 and 5 October 2010 in relation to the Acquisition.

The Board is pleased to announce that on 6 October 2010, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement, pursuant to which the First Vendor agreed to sell the Sale Equity Interest and the Second Vendor agreed to sell the Sale Share to the Purchaser at the aggregate consideration of HK\$1,844,377,221 (subject to adjustment). The consideration is to be satisfied by the issue of the Convertible Notes.

ACQUISITION AGREEMENT

Date: 6 October 2010

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;

As the First Vendor is an executive Director and a substantial Shareholder, the First Vendor is a connected person of the Company and any transaction between the First Vendor and the Company constitutes a connected transaction under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Second Vendor is an investment holding company and its ultimate beneficial owners (including the Guarantor) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Sale Share and Sale Equity Interest, representing a total of 90% equity interest in the PRC Target Company upon the Completion.

The Sale Share represents the entire issued share capital of the BVI Target Company. The BVI Target Company holds 100% shareholding of New Wealth, which in turn holds 100% equity interest in Freight Links. Freight Links holds 60% equity interest in the PRC Target Company.

The Sale Equity Interest represents 30% equity interest in the PRC Target Company.

Consideration

Pursuant to the Acquisition Agreement, the Consideration is HK\$1,844,377,221, which will be satisfied by the issue of Convertible Notes in the following manner:

- (i) HK\$163,722,572, being the first part of the consideration for the sale and purchase of the Sale Equity Interest (the "**First SEI Consideration**") which shall be payable by the Purchaser and shall be satisfied by the issue of the Convertible Notes in the principal amount of HK\$163,722,572 by the Company to the First Vendor or as it may direct on the Completion Date;
- (ii) HK\$460,891,080 being the remaining part of the consideration for the sale and purchase of the Sale Equity Interest representing an amount equal to 30% of the estimated value of the Zhanjiang Related Projects (the "**Second SEI Consideration**") which shall be payable by the Purchaser and shall be satisfied by the issue of the Convertible Notes in the aggregate principal amount of HK\$460,891,080 by the Company to the First Vendor or as it may direct within 30 Business Days after the formal legally binding agreements for the relevant Zhanjiang Related Projects are signed;

- (iii) HK\$297,981,409 being the first part of the consideration for the sale and purchase of the Sale Share (the “**First SS Consideration**”) which shall be payable by the Purchaser and shall be satisfied by the issue of the Convertible Notes in the principal amount of HK\$297,981,409 by the Company to the Second Vendor or as it may direct on the Completion Date; and
- (iv) HK\$921,782,160 being the remaining part of the consideration for the sale and purchase of the Sale Share representing an amount equal to 60% of the estimated value of the Zhanjiang Related Projects (the “**Second SS Consideration**”) which shall be payable by the Purchaser and shall be satisfied by the issue of the Convertible Notes in the aggregate principal amount of HK\$921,782,160 by the Company to the Second Vendor or as it may direct within 30 Business Days after the formal legally binding agreements for the relevant Zhanjiang Related Projects are signed.

Both the Second SEI Consideration and the Second SS Consideration may be paid in stages and satisfied by issue of the Convertible Notes by tranches, pursuant to which, the relevant amount of the Convertible Notes will be issued on a date which is within 30 Business Days from the date on which the formal legally binding agreement for the Zhanjiang Scrap Steel Project, the Zhanjiang Domestic Transportation Project or the Zhanjiang Finished Product Distribution Project is signed and a valuation report certifying the value of the relevant projects as at the date of signing of the formal legally binding agreement issued by a firm of independent valuers acceptable to the Purchaser is delivered to the Purchaser.

If the value of any of the Zhanjiang Related Projects certified by the independent valuer is less than 90% of the Zhanjiang Scrap Steel Project Value, the Zhanjiang Domestic Transportation Project Value or the Zhanjiang Finished Product Distribution Project Value, the aggregate of the relevant portion of the Second SEI Consideration and the relevant portion of the Second SS Consideration shall be reduced in accordance with the following :

$$A = (B - C - D) \times 90\%$$

Where:

A = the amount to be reduced from the Second SEI Consideration and the Second SS Consideration for the relevant Zhanjiang Related Projects;

B = the Zhanjiang Domestic Transportation Project Value, the Zhanjiang Finished Product Distribution Project Value or the Zhanjiang Scrap Steel Project Value (as the case may be);

C = 10% of the Zhanjiang Domestic Transportation Project Value, the Zhanjiang Finished Product Distribution Project Value or the Zhanjiang Scrap Steel Project Value (as the case may be); and

D = the value of the Zhanjiang Domestic Transportation Project, the Zhanjiang Finished Product Distribution Project or the Zhanjiang Scrap Steel Project (as the case may be) as at the date of the signing of the formal agreement of the relevant Zhanjiang Related Projects certified by an independent valuer.

If no formal legally binding agreement acceptable to the Purchaser in respect of the Zhanjiang Related Projects is signed, the Purchaser shall not pay the relevant portion of the Second SEI Consideration and Second SS Consideration to the Vendors.

Basis of the Consideration

The Consideration was agreed between the Purchaser and the Vendors after arm's length negotiations and on normal commercial terms by reference to (1) the preliminary assessed fair value of the Tangshan Projects, the Zhanjiang Project and the Zhanjiang Related Projects, which are being owned or to be owned by the PRC Target Company; (2) the net assets value of the PRC Target Group and the BVI Target Group Companies as at 30 June 2010; and (3) the outstanding shareholders' loans.

Conditions Precedent

Completion shall be subject to and conditional upon the fulfilment or (at the sole and absolute discretion of the Purchaser) the waiver of the following Conditions Precedent (except conditions (i), (ii), (iii) and (iv) below which cannot be waived):

- (i) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject only to conditions to which neither the Vendors nor the Purchaser may reasonably object) or agree to grant listing of and permission to deal in the Conversion Shares;
- (ii) approval by the Independent Shareholders of the Shareholders' resolutions in relation to, inter alia, the Acquisition Agreement and all transactions contemplated thereunder, the issue of the Convertible Notes and the issue of the Conversion 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 Sale Equity Interest, the Sale Share and issue of the Convertible Notes and other transactions contemplated under the Acquisition Agreement;

- (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 Sale Equity Interest, the Sale Share and transactions contemplated under the Acquisition Agreement;
- (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 PRC 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, the PRC Target Company's ownership and financial interests in its existing assets and business, the PRC Projects and its right to operate the PRC Projects and the state and conditions of each of the PRC Projects;
 - (b) there are no laws, rules, regulations or decisions imposed, promulgated or adopted by any governments, official authorities, regulatory authorities, Tangshan Headquarters (including its representative company) or Guangdong Steel Company, prohibiting or restricting the acquisition of the Sale Equity Interest and the Sale Share and change of shareholder or controller of the PRC Target Group Companies and any of the PRC Projects;
 - (c) all necessary authorisations, consents, licence and approvals of all relevant governmental or regulatory authorities, agencies or bodies, or any other third party (including Tangshan Headquarters (including its representative company), 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 Agreement and to operate the PRC Projects being obtained and maintained;
- (vii) 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;

- (viii) the receipt by the Purchaser of a legal opinion by a firm of qualified lawyers in Singapore confirming the due incorporation and existence and good standing of Freight Links, and New Wealth being the sole shareholder of Freight Links;
- (ix) the Purchaser having obtained the Audited Accounts, all in such form and substance satisfactory to the Purchaser;
- (x) the Purchaser having obtained the valuation report(s) to be issued by a firm of independent valuers acceptable to the Purchaser with respect to the PRC Projects, which (where applicable) complies with the requirements of the Listing Rules;
- (xi) the Tangshan Project Company having been duly established as a wholly-owned subsidiary of the PRC Target Company and the content, validity and enforceability of the Tangshan Formal Agreements have not been changed;
- (xii) the Vendors having provided evidence showing that the CITIC KW Bank Loan has been repaid in full and the Li Share Pledge and the Freight Links Share Pledge have been discharged and released in full by CITIC KW Bank;
- (xiii) 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 Agreement being inaccurate and incorrect in any material respect on the date of the Acquisition Agreement and on the Completion Date; and
- (xiv) 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 PRC Projects has occurred or are likely to occur prior to the Completion Date.

If the Conditions Precedent are not fulfilled or waived (in respect of conditions (i), (ii), (iii) and (iv) which cannot be waived) on 28 February 2011 or such later date as may be agreed between the Vendors, the Guarantor and the Purchaser in writing, the Acquisition Agreement shall terminate and no party to the Acquisition Agreement shall have any liability to the other party, save in respect of any antecedent breaches of the Acquisition Agreement.

Issue of Convertible Note

As the Consideration, the Company will issue the Convertible Notes with the principal terms as follows:

Aggregate principal amount: HK\$1,844,377,221

Conversion price: HK\$0.40 per Conversion Share, which represents:–

- (i) a discount of approximately 16.67% to the closing price of the Shares of HK\$0.48 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 6.76 % to the average of the closing prices of the Shares of HK\$0.429 per Share for the 5 consecutive trading days up to and including the Last Trading Date;
- (iii) a discount of approximately 7.51% to the average of the closing prices of the Shares of HK\$0.4325 per Share for the 10 consecutive trading days up to and including the Last Trading Date; and
- (iv) a premium of approximately 133.37% to the net assets value per Share of approximately HK\$0.171 based on the unaudited consolidated net assets of the Company as at 30 June 2010 and the number of issued Shares as at 6 October 2010.

The conversion price was determined after arm's length negotiations between the Company and the Vendors with reference to the prevailing market price of the Shares, and having regard to the net assets value of the Shares.

Interest rate: No interest is payable on the Convertible Notes

Maturity: The Convertible Notes shall mature on the date falling the expiry of five (5) years from the date of issue of the Convertible Notes. All outstanding Convertible Notes will be redeemed on the Maturity Date at their outstanding principal amount.

- Early Redemption: Subject to the occurrence of an event of default (as defined in the terms and conditions of the Convertible Notes), the Convertible Notes may be redeemed in amounts of HK\$1,000,000 or integral multiples thereof at the option and in the absolute discretion of the Company on any Business Day prior to the Maturity Date.
- Conversion Shares: Upon full conversion of the Convertible Notes at a conversion price of HK\$0.40 per Share, an aggregate of 4,610,943,052 Conversion Shares will be issued, representing approximately (i) 64.19% of the existing issued share capital of Company; (ii) 39.10% of the issued share capital of Company as enlarged by the issue of the Conversion Shares upon full conversion of the Convertible Notes.
- Conversion Prerequisites: The conversion rights attaching to the Convertible Notes can be exercised at any time within the Conversion Period:
- (i) so long as the public float of at least 25% of the issued share capital of the Company as enlarged by the issue of Conversion Shares can be maintained; and
 - (ii) so long as (a) the aggregate shareholding of such noteholder, its associates (as defined in the Listing Rules) and parties acting in concert (as defined in the Takeovers Code) with it immediately after such exercise shall not be or exceed 29.9% of the then issued share capital of the Company; and (b) such noteholder, its associates (as defined in the Listing Rules) and/or parties acting in concert (as defined in the Takeovers Code) with it immediately after such exercise shall not be required to make a general offer under Rule 26 of the Takeovers Code.
- Listing: No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange.
- The Conversion Shares will be issued under a specific mandate to be sought from the Independent Shareholders at the SGM.
- An application will be made for the listing of and permission to deal in the Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Notes.

Ranking:	The Conversion Shares to be issued resulting from the exercise of the conversion rights attached to the Convertible Notes will rank pari passu in all respects with all other Shares in issue at the date on which the conversion rights attached to the Convertible Notes are exercised.
Transferability:	The Convertible Notes may be assigned and transferred (whether in whole or in part(s)) by noteholder serving a written notification to the Company and the principal amount to be transferred or assigned is at least HK\$500,000 or integral multiples of HK\$500,000.
Voting:	The noteholder shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the noteholder.
Events of default:	If an event of default (as defined in the terms and conditions of the Convertible Notes) occurs, the noteholder may elect for redemption of the Convertible Notes.

Effect on Shareholding Structure

The shareholding structures of the Company as at the date of this announcement, immediately after the full conversion of the Convertible Notes and after full conversion of the Convertible Notes and Existing Convertible Instruments are shown as follows:

	Existing Shareholding Structure		Upon full conversion of Convertible Notes (Note 1)		Upon full conversion of Convertible Notes and Existing Convertible Instruments (Note 1)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
First Vendor (Note 2)	1,620,000,000	22.55	3,181,534,130	26.97	10,201,534,130	54.22
Second Vendor	–	–	3,049,408,922	25.86	3,049,408,922	16.21
The Vendors and parties acting in concert with any of them	1,620,000,000	22.55	6,230,943,052	52.83	13,250,943,052	70.43
Smart Number Investments Limited (Note 3)	608,400,000	8.47	608,400,000	5.16	608,400,000	3.24
Public Shareholders	4,954,389,500	68.98	4,954,389,500	42.01	4,954,389,500	26.33
Total	<u>7,182,789,500</u>	<u>100.00%</u>	<u>11,793,732,552</u>	<u>100.00</u>	<u>18,813,732,552</u>	<u>100.00</u>

Notes:

1. For illustration purpose only, as the Vendors and parties acting in concert with any of them shall not in aggregate directly or indirectly control or be interested in Shares of 29.9% or more in the Company pursuant to the terms of the Acquisition Agreement.
2. The First Vendor is an executive Director. According to the disclosure of interests filing, the First Vendor currently has an interest in 1,620,000,000 Shares and a derivative interest in 7,020,000,000 underlying Shares, represented by the convertible notes issued by the Company in the principal amount of HK\$842,400,000.
3. According to the disclosure of interests filings, 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.

Other terms

In the event of Completion Shortfall, the Vendors will indemnify the Purchaser fully of the shortfall amount arising in the proportion of 34% by the First Vendor and 66% by the Second Vendor.

Completion

Completion shall take place on the Completion Date. Upon Completion, the BVI Target Company will become a direct wholly-owned subsidiary of the Company, New Wealth and Freight Links will become indirect wholly-owned subsidiaries of the Company, and the PRC Target Company will become indirect non-wholly owned subsidiaries of the Company.

Information of the BVI Target Group and the PRC Target Group

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.

Based on the latest management accounts of the BVI Target Company which were prepared according to the HKFRSs, the value of the total assets and net assets of the BVI Target Company as at 30 June 2010 were US\$1,283 and US\$1 respectively. The BVI Target Company had no turnover and had not generated any net profit or incurred any loss (either before or after taxation) from 3 March 2010 (its date of incorporation) to 30 June 2010.

Based on the latest management accounts of New Wealth which were prepared according to the HKFRSs, the value of the total assets and net liabilities of New Wealth as at 30 June 2010 were approximately HK\$121.89 million and HK\$64.11 million respectively. New Wealth recorded no turnover and had recorded net loss (either before or after taxation) of approximately HK\$64.12 million for the period commencing on 18 March 2010 (its date of incorporation) to 30 June 2010. The principal assets of New Wealth were a bank balance of HK\$0.12 million and investment in and loan to Freight Links of approximately HK\$121.77 million.

Based on the latest management accounts of Freight Links which were prepared according to the HKFRSs, the value of both the total assets and net assets of Freight Links as at 30 June 2010 were SG\$17.32 million and SG\$0.03 million respectively, including a shareholder loan amounting to approximately SG\$5.47 million due from the PRC Target Company.

For each of the two years ended 30 April 2010 immediately preceding the Acquisition and the 2-month ended 30 June 2010, Freight Links recorded:

	For the period commencing on 14 March 2008 (date of incorporation) to 30 April 2009 (SG\$'000)	For the year ended 30 April 2010 (SG\$'000)	For the 2-month ended 30 June 2010 (SG\$'000)
Revenue	–	–	–
Net profit (loss) before taxation	1,222	(1,189)	–
Net profit (loss) after taxation	1,222	(1,189)	–

The Sale Equity Interest was acquired by the First Vendor at an original purchase price of RMB30 million. The Sale Share was acquired by the Second Vendor on 29 April 2010 at the consideration of HK\$121,769,970.

As at the date of this announcement, the PRC Target Company owns 52% equity interest in Fritz and 40% equity interest in Lingxin. The PRC Target Company, whose equity interest is owned by Freight Links, First Vendor and CITIC Automobile as to 60%, 30% and 10% respectively, is principally engaged in the provision of logistics and related services including chemical logistics, engineering logistics, freight forwarding and logistics project management.

As disclosed in the MOU Announcement, the PRC Target Company has entered into the two Framework Agreements with Tangshan Headquarters for the building and construction of each of the Tangshan Projects, which include (i) 唐山灣三島旅遊專用道路項目 (Tangshan Bay Three Island Tourism Zone Road Construction Project*); and (ii) 唐山灣跨海大橋工程 (Tangshan Bay Bridge Construction Project*).

Subsequently on 24 September 2010, Tangshan Project Company entered into the Tangshan Formal Agreements with the Tangshan Company. With expected total investment amount of approximately RMB1.6 billion, the Tangshan Projects are expected to take 20 months for construction, in which upon completion, the entire PRC Target Company's interest in the Tangshan Projects will be transferred to the Tangshan Company.

As disclosed in the MOU Announcement, the PRC Target Company was informed on 31 August 2010 that it succeeded in the bidding process for the Zhanjiang Project. According to the representations made by the Vendors, the PRC Target Company would (1) establish a project company to operate the Zhanjiang Project; and (2) enter into the Zhanjiang Formal Agreements with Guangdong Steel Company with respect to the Zhanjiang Project.

Subsequently on 26 September 2010, the PRC Target Company entered into the Zhanjiang Formal Agreements with Guangdong Steel Company, pursuant to which the PRC Target Company will build, own and operate (BOO) the logistics systems within Zhanjiang Steel Factory for raw materials transportation and specialized tanker transportation. Under the Zhanjiang Formal Agreements, the PRC Target Company will be granted an exclusive right to build and operate such logistics systems for 8 years in return of service fees.

In addition, the Strategic Agreement was entered into between the PRC Target Company and Guangdong Steel Company, pursuant to which both parties agree to establish comprehensive strategic partnership and work together to ensure the efficient, economical and smooth operation of the logistics system for Zhanjiang Steel. Under the Strategic Agreement, both parties agree to cooperate fully in all-rounded areas including engineering equipment transportation, raw materials transportation, auxiliary materials transportation and finished products transportation. Among other things, these include the Zhanjiang Scrap Steel Project, the Zhanjiang Domestic Transportation Project and the Zhanjiang Finished Products Distribution Project etc.. Further details of the PRC Projects will be provided in the circular to be despatched to the Shareholders by the Company.

The preliminary aggregate assessed fair value of the Zhanjiang Project, the Tangshan Projects and the Zhanjiang Related Projects was HK\$1,939,496,400 as at 30 September 2010.

Based on the latest consolidated management accounts of the PRC Target Company prepared in accordance with the HKFRSs, the PRC Target Company had consolidated unaudited net assets of approximately RMB74.26 million as at 30 June 2010. Further information of the PRC Target Company is set out as below:

	For the year ended 31 December 2008 (RMB'000)	For the year ended 31 December 2009 (RMB'000)	For the 6-month ended 30 June 2010 (RMB'000)
Turnover	165,742	142,432	46,996
Loss before taxation	(15,020)	(11,090)	(1,254)
Loss after taxation	(17,560)	(12,531)	(1,448)

Save as disclosed, the Company has not made any other capital commitment in the BVI Target Group or the PRC Target Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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 Acquisition will further strengthen the logistics services business of the Group by providing an established platform to participate in large-scale industrial and infrastructure 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. In addition, through the Acquisition the Group will extend into the upstream and expand its revenue stream.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) for the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major acquisition of 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 directorship in the Company. As such, the Acquisition also constitutes a non-exempted connected transaction under Chapter 14A of the Listing Rules which is 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 Agreement and the transactions therein.

The Directors (excluding the independent non-executive Directors whose views are to be included in the Shareholders' circular to be issued by the Company as mentioned in this announcement) considered that the terms of the Acquisition Agreement and the Convertible Notes are negotiated on an arm's length basis, on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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 Agreement and the transactions contemplated thereunder; and (ii) the issue of the Convertible Notes together with the Conversion Shares. The First Vendor and his associates will abstain from voting on the resolution in relation to the Acquisition Agreement to be proposed at the SGM.

An independent board committee comprising all independent non-executive Directors will be established to advise the Independent Shareholders in respect of terms of the Acquisition Agreement and the Convertible Notes. The Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, amongst other things, further details of the Acquisition Agreement, 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 Agreement and the Convertible Notes, and the notice of the SGM, is expected to be despatched to the Shareholders on or before 29 October 2010.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 6 October 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 on the Stock Exchange with effect from 9:30 a.m. on 11 October 2010.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Equity Interest and the Sale Share by the Purchaser under the Acquisition Agreement
“Acquisition Agreement”	agreement dated 6 October 2010 in respect of the Acquisition entered into between the Vendors, the Guarantor and the Purchaser
“associates”	has the meaning ascribed thereto under the Listing Rules
“Audited Accounts”	the audited consolidated accounts of the PRC Target Company and the audited consolidated accounts of the BVI Target Company or individual accounts of the BVI Target Group Companies for the last three financial years ended 31 December 2009 (or from the date of incorporation) and the six months ended 30 June 2010, prepared in accordance with the HKFRSs and issued by an accountants firm qualified in Hong Kong
“Board”	the board of Directors

“Business Day”	any day (not being a Saturday, Sunday or public holiday or days on which a typhoon signal No. 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 Target Company”	Sino Summit Investments Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Second Vendor
“BVI Target Group”	together the BVI Target Company, New Wealth and Freight Links
“BVI Target Group Companies”	the BVI Target Company, New Wealth and Freight Links
“CITIC Automobile”	中信汽車有限公司 (CITIC Automobile Co., Ltd*), a company incorporated in the PRC with limited liability and so far as the Directors are aware, the equity interest in which is ultimately wholly owned by CITIC Group, a conglomerate incorporated in the PRC
“CITIC KW Bank Loan”	the loan in the amount of HK\$160,000,000 owed by New Wealth to CITIC KW Bank
“CITIC KW Bank”	CITIC Ka Wah Bank Limited (now known as CITIC Bank International Limited)
“Company”	Sino-Tech International Holdings Limited, a company incorporated in Bermuda with limited liability and the securities of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Accounts”	the audited consolidated accounts of the BVI Target Company for the period commencing from 1 July 2010 to the Completion Date, prepared in accordance with HKFRSs and issued by an accountants firm qualified in Hong Kong
“Completion Date”	a date falling within five Business Days after fulfillment of Conditions Precedent and the date on which Completion takes place

“Completion Shortfall”	the shortfall representing the aggregate of 90% of the audited consolidated total assets less total liabilities of the BVI Target Company for the financial years ended 31 December 2010 (if Completion takes place on or before 31 December 2010) or the Completion Accounts (if Completion takes place after 31 December 2010) and 90% of the value of Tangshan Projects and the Zhanjiang Project less than the aggregate of the First SEI Consideration and the First SS Consideration
“Conditions Precedent”	the conditions precedent of the Acquisition Agreement, details of which are set out in the section headed “Conditions Precedent” of this announcement
“Consideration”	the consideration of the Acquisition, being the aggregate amount of the Sale Equity Interest Consideration and the Sale Share Consideration
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Convertible Notes”	the convertible notes in the aggregate principal sum of HK\$1,844,377,221 to be issued by the Company as payment for the Consideration
“Conversion Share(s)”	the 4,610,943,052 new Shares to be issued by the Company upon the exercise of the conversion rights attaching to the Convertible Notes in full, based on the conversion price of HK\$0.40 per Conversion Share
“Director(s)”	the director(s) of the Company
“Existing Convertible Instruments”	all the existing financial instruments convertible into the Shares as at the date of this announcement
“First Vendor”	Mr. Li Wei Min, an executive Director and a substantial shareholder of the Company who owns 30% equity interest in the PRC Target Company
“Framework Agreements”	the two framework agreements both dated 4 August 2010 entered into between Tangshan Headquarters and the PRC Target Company for the building and construction of each of the Tangshan Projects

“Freight Links”	Freight Links Capital Pte. Limited, a company incorporated in Singapore with limited liability and a wholly-owned subsidiary of New Wealth
“Freight Links Share Pledge”	the share pledge executed by Freight Links in favour of CITIC KW Bank dated 5 June 2010 pledging 60% of the equity interest in the PRC Target Company
“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 company incorporated in the PRC with limited liability
“Guarantor”	Mr. Lim Chuan Yang, the sole beneficial owner of the entire share capital of the Second Vendor
“HKFRSs”	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 Shareholders”	Shareholders excluding the First Vendor and its associates
“Last Trading Date”	5 October 2010, being the last trading day on which the Shares were traded on Main Board of the Stock Exchange prior to the date of this announcement;
“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

“Li Share Pledge”	the share pledge executed by the First Vendor in favour of CITIC KW Bank dated 5 June 2010 pledging 30% of the equity interest in the PRC Target Company
“Long Stop Date”	28 February 2011 or such later date as the parties to the Acquisition Agreement may agree in writing
“Maturity Date”	the date falling the expiry of 5 years from the date of issue of the Convertible Notes
“MOU”	the memorandum of understanding dated 21 September 2010 entered into between the Vendors, the Guarantor and the Purchaser in relation to the Acquisition
“MOU Announcement”	the announcement published by the Company on 21 September 2010 in relation to, inter alia, the entering into of the MOU
“New Wealth”	New Wealth Logistics Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the BVI Target Company
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Taiwan and Macau Special Administrative Region
“PRC Projects”	the Tangshan Projects, the Zhanjiang Project and the Zhanjiang Related Projects
“PRC Target Company”	CITIC Logistics Company Limited, a company incorporated in the PRC with limited liability
“PRC Target Group”	together the PRC Target Company, Fritz and Lingxin
“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
“Sale Equity Interest”	30% of the equity interest or registered capital in or of in the PRC Target Company

“Sale Equity Interest Consideration”	the consideration payable by the Purchaser to the First Vendor or any other person(s) as may be directed by it for the sale and purchase of the Sale Equity Interest
“Sale Share”	1 ordinary share of US\$1.00 each in the issued share capital of the BVI Target Company, representing its entire issued capital
“Sale Share Consideration”	the consideration 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
“Second Vendor”	Pioneer Blaze Limited, a company incorporated in the BVI with limited liability which is wholly-owned by the Guarantor and indirectly owns 60% equity interest in the PRC Target Company
“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 (i) the Acquisition Agreement and the transactions contemplated thereunder; (ii) and the issue of the Convertible Notes together with the Conversion Shares
“Share(s)”	existing ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Agreement”	the strategic co-operation 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 Formal Agreements”	the two formal agreements both dated 24 September 2010 entered into between the Tangshan Headquarters (or its representative company) and the Tangshan Project Company with respect to the Tangshan Projects
“Tangshan Headquarters”	唐山灣三島旅遊區開發建設指揮部辦公室 (The Development and Construction Headquarters for the Three Island Tourism Area of Tangshan Bay*)
“Tangshan Company”	唐山灣三島旅遊區旅遊開發建設有限公司 (The Development and Construction Company for the Three Island Tourism Area of Tangshan Bay*), the representative company of Tangshan Headquarters
“Tangshan Project Company”	唐山中信物流有限公司 (Tangshan CITIC Logistics Company Limited), a PRC project company established by the PRC Target Company as its wholly-owned subsidiary to operate the Tangshan Project pursuant to the Tangshan Formal Agreements
“Tangshan Projects”	(i) 唐山灣三島旅遊專用道路項目 (Tangshan Bay Three Island Tourism Road Construction Project*) for the construction of inter alia, a road with the total length of approximately 18,308 metres connecting the 沿海高速樂亭南出口 (Letingnan Exit) and 迎祥路北端 (Yingxiang Road North); and (ii) 唐山灣跨海大橋工程 (Tangshan Bay Bridge Construction Project*) for the construction of a cross-sea bridge with the total length of 1,700 metres connecting 旅遊專用線 (Tourism Road) and 祥運島景觀區 (the scenic area of Xiangyun Island)
“Vendors”	the First Vendor and the Second 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 Guangdong Steel Company
“Zhanjiang Domestic Transportation Project Value”	a sum of HK\$198,120,600 being the estimated value of the Zhanjiang Domestic Transportation Project

“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 Guangdong Steel Company
“Zhanjiang Finished Product Distribution Project Value”	a sum of HK\$817,971,600 being the estimated value of the Zhanjiang Finished Product Distribution Project
“Zhanjiang Formal Agreements”	two formal agreements both entered into between the PRC Target Company and Guangdong Steel Company on 26 September 2010 with respect to the Zhanjiang Project
“Zhanjiang Project”	湛江鋼鐵廠內BOO (建設－擁有－運營) 項目原料運輸板塊及特種罐車運輸板塊 (Zhanjiang Steel Project–BOO (Build – Own – Operate) Projects within the Steel Factory: Raw Materials Transportation Segment and Specialised Tanker Transportation Segment*)
“Zhanjiang Related Projects”	Zhanjiang Scrap Steel Project, Zhanjiang Domestic Transportation Project and Zhanjiang Finished Product Distribution Project as set out in the Strategic Agreement;
“Zhanjiang Scrap Steel Project”	the project relating to 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 Scrap Steel Project Value”	a sum of HK\$520,211,400 being the estimated value of the Zhanjiang Scrap Steel Project
“%”	per cent.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“SG\$”	Singapore dollars, the lawful currency 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\$1.1586, SG\$1.00 = HK\$5.9138 and US\$1.00 = HK\$7.7565 have been used for currency translation, where applicable. Such exchange rates are for illustration purpose only and do not constitute a representation that any amount in HK\$, RMB, SG\$ or 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, 8 October 2010

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.

* *For identification purpose only*