THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sino-Tech International Holdings Limited (the "**Company**"), you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 724)

(1) DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITION OF THE ENTIRE EFFECTIVE INTEREST IN CITIC LOGISTICS COMPANY LIMITED INVOLVING THE ISSUE OF CONSIDERATION SHARES (2) RE-ELECTION OF RETIRING DIRECTORS AND (3) NOTICE OF SPECIAL GENERAL MEETING

Financial Adviser to the Company

ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED
卓亞(企業融資)有限公司

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

KBC

KBC Bank N.V. Hong Kong Branch

A letter from the Board is set out on pages 11 to 39 of this circular. A letter from the Independent Board Committee containing its recommendation is set out on pages 40 to 41 of this circular. A letter from the independent financial adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 42 to 55 of this circular.

A notice convening the special general meeting (the "**SGM**") of the Company to be held at 11:00 a.m. on Friday, 25 March 2011 at 32/F Entertainment Building, 30 Queen's Road Central, Hong Kong is enclosed with this circular. A form of proxy for the SGM is also enclosed with this circular.

Whether or not you desire to attend the SGM in person, please complete, sign and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrars in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting thereof (as the case may be) should you so wish and in such event, the proxy shall be deemed to be revoked.

28 February 2011

* *For identification purpose only*

CONTENTS

DEFINITIONS

In this circular, unless the context otherwise requires, the expressions below 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

"AGM"	the annual general meeting of the Company held on 4 June 2010
"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
"Bye-Laws"	the bye-laws of the Company
"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 circular
"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 as set out in Appendix I to this circular
"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 circular
"First Vendor"	Mr. Li Weimin, an executive Director and a substantial shareholder of the Company, who owns the 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 the independent non-executive Directors established to advise the Independent Shareholders in relation to the Acquisitions
"Independent Shareholders"	the Shareholders excluding the Vendors and their respective associates

"Latest Practicable Date"	24 February 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"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
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuer contained in the Listing Rules
"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 circular only, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
"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 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"	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
"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
"Retiring Directors"	Ms. Liu Yanfang, Academician Liu Renhuai, Mr. Xin Luo Lin, Professor Ma Hongwei, Mr. Li Weimin, Mr. Wang Jianzhi and Mr. Huang Hanshui
"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 circular
"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
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened at 11:00 a.m. on Friday, 25 March 2011 to consider and, if thought fit, approve, among other things, (i) the Acquisition Agreements and the respective transactions contemplated thereunder, and the issue of the Consideration Shares; and (ii) the re-election of Retiring Directors, the notice of which is set out on pages SGM-1 to SGM-5 of this circular
"Share(s)"	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 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 circular
"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 中國中信集團公司 (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 Products 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 for 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 Products 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 for the Zhanjiang Steel Base (湛江鋼鐵基地) of Guangdong Steel Company
"%"	per cent.
"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 circular, 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 circular are included for information only, and are not official English translations of such Chinese names or words.

* *For identification purpose only*

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 724)

Executive Directors:
Mr. Li Weimin
Mr. Wang Jianzhi
Mr. Lam Yat Keung
Mr. Huang Hanshui

Non-executive Directors:
Academician Liu Renhuai
Mr. Xin Luo Lin

Independent Non-executive Directors:
Mr. Ho Chi Fai
Ms. Liu Yanfang
Professor Ma Hongwei

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
32/F Entertainment Building
30 Queen's Road Central
Hong Kong

28 February 2011

To the Shareholders

Dear Sir or Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITION OF THE ENTIRE EFFECTIVE INTEREST IN CITIC LOGISTICS COMPANY LIMITED INVOLVING THE ISSUE OF CONSIDERATION SHARES AND (2) RE-ELECTION OF RETIRING DIRECTORS

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.

* *For identification purpose only*

Reference is also made to the announcement of the Company dated 11 February 2011, in which the Board further announced that following arm's length negotiations with the Vendors, the Purchaser entered into (i) the 90% Acquisition Agreement with the First Vendor, the Second Vendor and the Guarantor; and (ii) the 10% Acquisition Agreement with the Third Vendor both 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 respective Acquisition Agreements.

Reference is also made to the announcements of the Company dated 23 December 2009, 9 March 2010, 24 June 2010 and 26 August 2010 regarding the appointments of Retiring Directors.

The purpose of this circular is to provide you with, among other things, further information in relation to the Acquisition Agreements and the re-election of Retiring Directors together with the notice of the SGM.

THE ACQUISITION AGREEMENTS

The 90% Acquisition Agreement

Date: 11 February 2011

Parties:

(1) Mr. Li Weimin 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, information and belief 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 90% 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 90% 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 10% Completion Date (after setting off the amount owned by the Third 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 consolidated 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 as shown in the unaudited consolidated management accounts of the PRC Target Company (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 unaudited consolidated management accounts of 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 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 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 Completion Accounts are received by the Purchaser.

The Second Vendor

According to the unaudited consolidated 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 of the BVI Target Company was at a deficiency of US$1,574 (equivalent to approximately HK$12,222) and the paid up capital of the BVI Target Company 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 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$1, representing the paid up capital of the BVI Target Company; (iii) the amount being the outstanding loan owed by New Wealth to the Guarantor as shown in the corresponding BVI Completion Accounts; and (iv) 60% of the value of the Zhanjiang Projects according to the Evaluation Report (the "**Second Final Figure**") shall not be less than the Second Consideration. In the event that the Second Final Figure is less than the Second Consideration, the Second Vendor and the Guarantor have agreed and undertaken that they will indemnify the Purchaser fully of the amount arising from the Second Consideration less the Second Final Figure (the "**Second Deficit**") on a dollar-to-dollar basis provided always that the exchange rate for the translation of RMB to HK$ 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 consolidated 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 as shown in the unaudited consolidated management accounts of the PRC Target Company (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 unaudited consolidated management accounts of the PRC Target Company) 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 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 PRC 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 21.98% to the closing price of the Shares of HK$0.232 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) 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;

(iii) 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;

(iv) 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

(v) 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 Latest Practicable Date.

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 Latest Practicable Date, 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 Latest Practicable Date;

(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 (the "**CS Lock-up Undertaking**"). In the event that the Third Vendor and/or its nominee transfers any Consideration Shares to any member of the Citic Group, the Third Vendor shall procure the transferee of the Consideration Shares to make a lock-up undertaking of the Consideration Shares with terms not less than the CS Lock-up Undertaking.

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 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 suffered by the Purchaser, each of the PRC Target Group Companies and/or each of the BVI Target Group Companies arising from or as a result of the abovementioned event 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 Latest Practicable Date, 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 4 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 of 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 (including its representative company) 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 (including Guangdong Steel Company, banks, lenders and/or shareholders of the PRC Target Company and Lingxin, 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 the 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

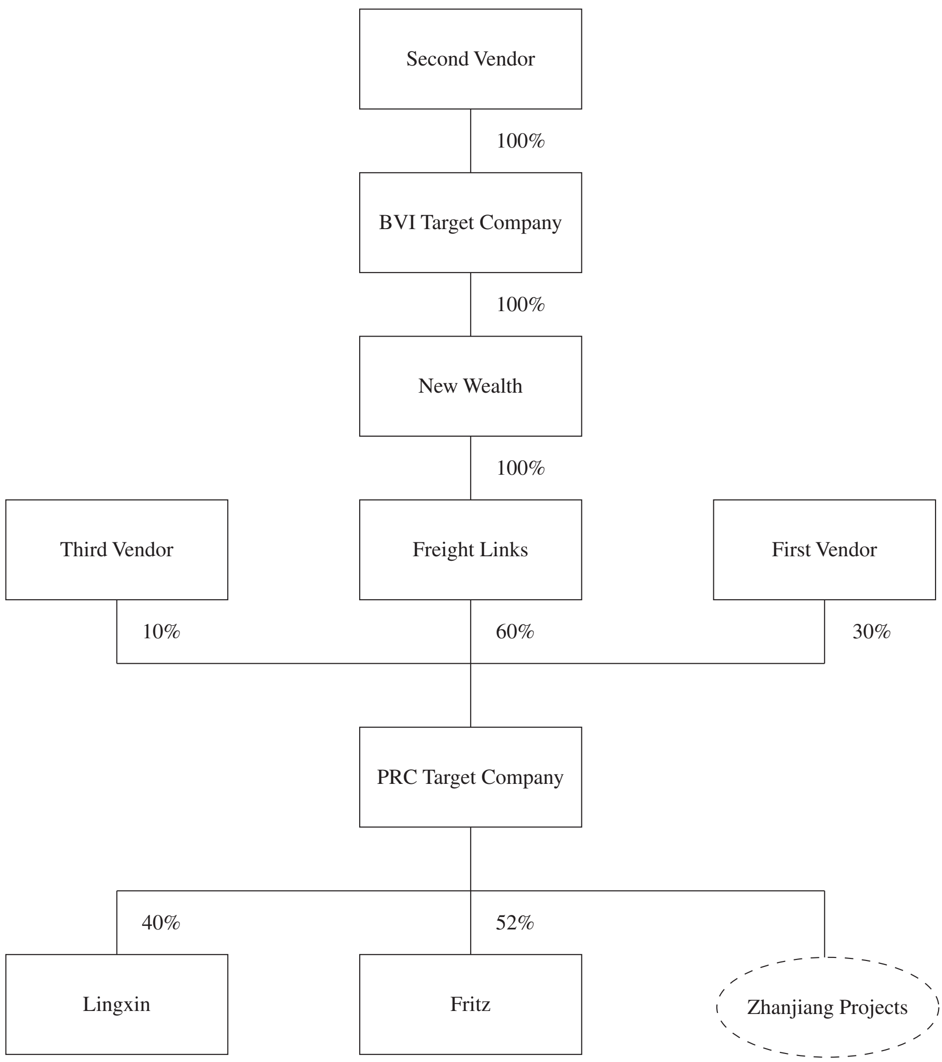
(xiv) the Third Vendor having delivered to the Purchaser documentary evidence satisfactory to the Purchaser that all the relevant government authorities in the PRC have approved the transactions contemplated under the 10% Acquisition Agreement, including but not limited to, the change of ownership of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

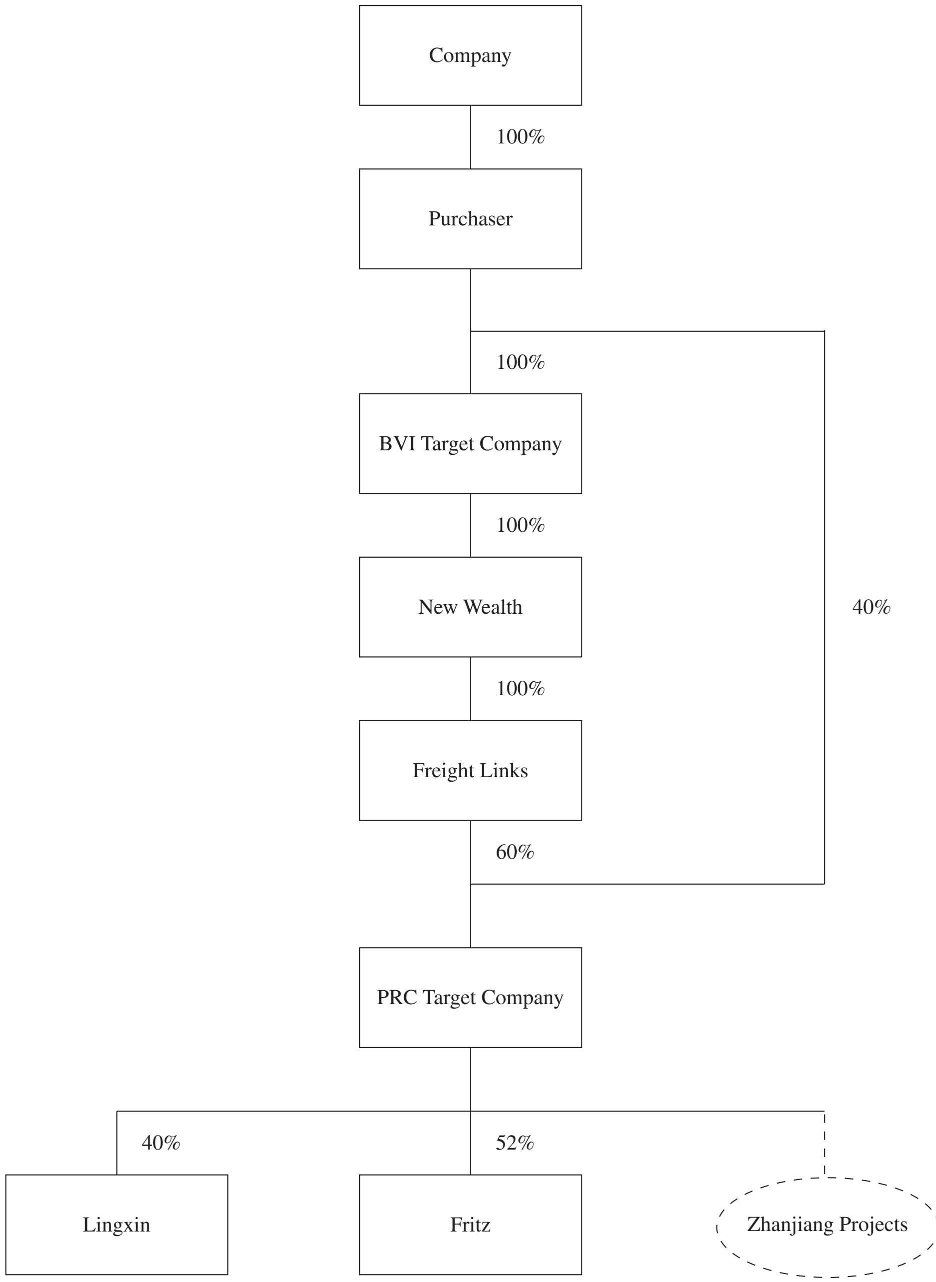
Completion

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 Latest Practicable Date; (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 Latest Practicable Date		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 Latest Practicable Date, 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 Latest Practicable Date, 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 中國中信集團公司 (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	For the year ended 30 April 2010	For the 8 months ended 31 December 2010
	(SG$'000)	*(SG$'000)*	*(SG$'000)*
	(unaudited)	(unaudited)	(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 Latest Practicable Date, 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 中國中信集團公司 (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 Latest Practicable Date, 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 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 the Zhanjiang Projects will be used in the production of steel products by the 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 unit 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 Evaluation Report, which is prepared based upon the latest information available and annexed as Appendix I to this circular, the aggregate net present value of the Zhanjiang Projects was approximately RMB110 million as at 31 December 2010.

The Evaluation Report was prepared by LCH (Asia-Pacific) Surveyors Limited based on the income approach and therefore constituted a profit forecast (the "**Profit Forecast**") under Rule 14.61 of the Listing Rules. Details of the principal assumptions, including commercial assumptions upon which the Profit Forecast is based are set out in Appendix I to this circular.

The Directors confirm that they have made the Profit Forecast after due and careful enquiry.

Letters from the accountants and financial adviser of the Company relating to the cash flows projection in connection with the Evaluation Report which is prepared pursuant to Rule 14A.59 of the Listing Rules are set out in Appendices II and III to this circular respectively.

As set out in the Evaluation Report, the PRC Target Company expects that the steel production capacity of the Zhanjiang Steel Base will be 5 million tonnes in 2012, 10 million tonnes in 2013 and reach 20 million tonnes in 2014. The logistics system for the Zhanjiang Steel Base under the Zhanjiang Projects will be developed simultaneously in accordance with the development plan of the Zhanjiang Steel Base. As such, it is expected that total numbers of vehicles invested with an average useful life of 10 years for the first batch, the second batch and the third batch are 363, 144, and 507 respectively and will arrive in May 2012, February 2013 and November 2014 respectively. The fixed and variable costs items to be incurred for the Zhanjiang Steel Base mainly include costs for staff for different functions, different depreciation costs and insurance costs, maintenance costs, fuel costs, tyres replacement costs, auto parts and utility services costs for different vehicles, which will be reviewed and agreed by both the PRC Target Company and Guangdong Steel Company periodically pursuant to the terms of the Zhanjiang Formal Agreements. Details of the assumptions are set out on pages I-5 to I-8 of the Evaluation Report in Appendix I to this circular.

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 Latest Practicable Date, 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 Latest Practicable Date, 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.

Based on latest information available to the PRC Target Company and the Group, as at the Latest Practicable Date, it is considered that the progress of the Zhanjiang Projects was still in line with the planning schedule as set out in the Evaluation Report.

The current valuation shown in the Evaluation Report is based on the market conditions as at 31 December 2010. For the purpose of inclusion in the Company's consolidated financial statements upon Completion in accordance with the HKFRSs, the valuation will be based on the conditions as at the Completion Date. As market conditions may be different from time to time, the parameters that would be adopted in the valuation for financial statements purpose, such as risk free rate, interest rate, etc, may be different from those adopted in the Evaluation Report, thus resulting in valuation at the time of the Completion being different from the current valuation shown in the Evaluation Report for the purpose of Completion and financial reporting.

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 the 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 Guangdong Steel Company or its representative company enter 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 circular 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, the PRC.

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, 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*) 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 Latest Practicable Date, 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 Specialized 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 Materials 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 the Zhanjiang Steel Base. In the event that Guangdong Steel Company changes the development plan of the 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 cannot 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 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.

RE-ELECTION OF RETIRING DIRECTORS

Ms. Liu Yanfang was appointed as an independent non-executive Director with effect from 24 June 2010. Each of Academician Liu Renhuai and Mr. Xin Luo Lin was appointed as a non-executive Director with effect from 26 August 2010. And Professor Ma Hongwei was appointed as an independent non-executive Director with effect from 26 August 2010. Each of Ms. Liu Yanfang, Academician Liu Renhuai, Mr. Xin Luo Lin and Professor Ma Hongwei would hold office until the next following general meeting of the Company and would retire at that meeting, but would be eligible for re-election. As such, ordinary resolutions will be proposed at the SGM to approve the re-election of each of them as Director.

Each of Mr. Li Weimin and Mr. Wang Jianzhi was appointed as an executive Director on 24 December 2009 and Mr. Huang Hanshui was appointed as an executive Director on 9 March 2010. Each of Mr. Li Weimin, Mr. Wang Jianzhi and Mr. Huang Hanshui would hold office until the AGM and would retire at the AGM, but would be eligible for re-election. As such, ordinary resolutions will be proposed at the SGM to approve, ratify and confirm the re-election of each of Mr. Li Weimin, Mr. Wang Jianzhi and Mr. Huang Hanshui as an executive Director from the date of the AGM.

The biographical details of each of the Retiring Directors proposed for re-election are set out in Appendix IV to this circular.

SGM

The SGM will be held on 25 March 2011 at 11:00 a.m. at 32/F Entertainment Building, 30 Queen's Road Central, Hong Kong, the notice of which is set out on pages SGM-1 to SGM-5 of this circular. At the SGM, ordinary resolutions will be proposed to (i) the Independent Shareholders to consider and, if thought fit, approve the Acquisition Agreements and the transactions contemplated thereunder, and the issue and allotment of the Consideration Shares; and (ii) the Shareholders to consider and, if thought fit, approve the re-election of Retiring Directors.

In compliance with the Listing Rules, all resolutions will be voted on by way of poll at the SGM. The Vendors and their respective associates shall abstain from voting in respect of 1,620,000,000 Shares (representing 16.9% of the issued share capital of the Company) held by them as at the Latest Practicable Date on the relevant resolutions at the SGM.

Save for the Vendors, to the best of the Directors' knowledge and information, and having made all reasonable enquiries, no other Shareholders and his/her associates are with material interest in the Acquisitions and are required to abstain from voting in relation to the resolutions to be proposed for approving the Acquisition Agreements and the transactions contemplated thereunder, and the issue and allotment of the Consideration Shares at the SGM. No Shareholder is required to abstain from voting for the resolutions to approve the re-election of Retiring Directors.

You will find enclosed a form of proxy for use at the SGM. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time of the SGM to the office of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM (or any adjournment thereof) in person should you so wish.

RECOMMENDATION

Your attention is drawn to (i) the "Letter from the Independent Board Committee" set out on pages 40 to 41 of this circular containing the recommendation from the Independent Board Committee to the Independent Shareholders regarding the Acquisitions, and the issue and allotment of the Consideration Shares; and (ii) the "Letter from the Independent Financial Adviser" set out on pages 42 to 55 of this circular containing the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the First Acquisition and Second Acquisition and the issue and allotment of the Consideration Shares.

The Directors are of the opinion that the terms of the Acquisition Agreements and the issue allotment of the Consideration Shares are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned. The Directors consider that the Acquisition Agreements, the issue and allotment of the Consideration Shares, and the re-election of Retiring Directors are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Independent Shareholders/the Shareholders vote in favour of the resolutions to be proposed at the SGM to approve the Acquisition Agreements and the transactions contemplated thereunder and the re-election of Retiring Directors.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
By order of the Board
Sino-Tech International Holdings Limited
Huang Hanshui
Executive Director

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 724)

28 February 2011

To the Independent Shareholders,

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO ACQUISITION OF 100% INTEREST IN CITIC LOGISTICS COMPANY LIMITED INVOLVING THE ISSUE CONSIDERATION SHARES

We refer to the circular dated 28 February 2011 issued by the Company to the Shareholders (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meaning when used in this letter, unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Acquisition Agreements and the transactions contemplated thereunder and the issue and allotment of the Consideration Shares are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. KBC Bank N.V. Hong Kong Branch has been appointed as independent financial adviser to advise us and the Independent Shareholders in this respect.

* *For identification purpose only*

Your attention is drawn to the letter from the independent financial adviser in the Circular containing the advice of the independent financial adviser in respect of the Acquisition Agreements and the transactions contemplated thereunder.

RECOMMENDATION

We have considered the principal factors taken into account by the independent financial adviser in arriving at its opinion in respect of the Acquisition Agreements and the issue and allotment of the Consideration Shares and the transactions contemplated thereunder. We concur with the views of the independent financial adviser that the Acquisition Agreements and the transactions contemplated thereunder are fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the resolutions in respect of the Acquisition Agreements and the issue and allotment of the Consideration Shares.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
Sino-Tech International Holdings Limited

Mr. Ho Chi Fai	**Ms. Liu Yanfang**	**Professor Ma Hongwei**
Independent Non-Executive Director	*Independent Non-Executive Director*	*Independent Non-Executive Director*

The following is the full text of a letter received from KBC Bank N.V. Hong Kong Branch setting out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.

39/F Central Plaza
18 Harbour Road
Hong Kong

28 February 2011

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN RELATION TO THE ACQUISITION OF
THE ENTIRE EFFECTIVE INTEREST IN
CITIC LOGISTICS COMPANY LIMITED INVOLVING
THE ISSUE OF CONSIDERATION SHARES**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Acquisitions, details of which are set out in the section headed "Letter from the Board" of the circular dated 28 February 2011 (the "Circular"), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context requires otherwise.

On 11 February 2011, the Purchaser, a wholly-owned subsidiary of the Company, entered into the 90% Acquisition Agreement with the First Vendor, the Second Vendor and the Guarantor, pursuant to which (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; and (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 companies controlled by him as at the 90% 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) (the "First Vendor's Loan"); 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 90% Completion Date (the "Guarantor's Loan"). The Sale Share represents the entire issued share capital of the BVI Target Company which, through its holding of the entire issued share capital of New Wealth, in turn holds the entire issued share capital of Freight Links, which directly holds the 60% Sale Equity Interest.

On the same date, the Purchaser also entered into the 10% Acquisition Agreement with the Third Vendor, pursuant to which the Purchaser has conditionally agreed to purchase and accept and the Third Vendor has conditionally agreed to sell and assign 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 10% Completion Date (after setting off the amount owed by the Third Vendor, its associates and/or company(ies) controlled by it to the PRC Target Company) (the "Third Vendor's Loan", and together with the First Vendor's Loan and the Guarantor's Loan, the "Vendors' Loans"), respectively. The Consideration of HK$257,362,884 will be satisfied by the issue and allotment of a maximum of 909,409,482 Consideration Shares at the issue price of HK$0.283 per Consideration Share (the "Issue Price"). Upon Completion, the PRC Target Company will become an indirect wholly-owned subsidiary of the Company.

By virtue of the First Vendor being an executive Director, a substantial Shareholder, a substantial shareholder and a director of the PRC Target Company, the First Vendor is a connected person of the Company and the Acquisitions will constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisitions are greater than 5% but lower than 25%, the Acquisitions also constitute discloseable transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Ho Chi Fai, Ms. Liu Yanfang and Professor Ma Hongwei, has been established to advise the Independent Shareholders in respect of the Acquisitions. We, KBC Bank N.V. Hong Kong Branch, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisitions as to whether (i) the Acquisitions are conducted in the ordinary and usual course of business of the Group and on normal commercial terms; (ii) the terms of the Acquisition Agreements are fair and reasonable in so far as the Independent Shareholders are concerned; and (iii) the entering into of the Acquisition Agreements is in the interests of the Company and the Shareholders as a whole.

In formulating our recommendation, we have relied on the information and facts supplied to us by the Company. We have reviewed, among other things, (i) the Circular; (ii) the Acquisition Agreements; (iii) the Company's annual report for the year ended 31 December 2009 and interim report for the six months ended 30 June 2010 (collectively, the "Financial Reports"); and (iv) the Evaluation Report prepared by LCH (Asia-Pacific) Surveyors Limited (the "Valuer"). We have assumed that all information, opinions and representations contained or referred to in the Circular are true, complete and accurate in all material respects and we have relied on the same. Also, we have relied on the representations made by the directors and the management of the Company that having made all reasonable enquiries and careful decisions, and to the best of their information, knowledge and belief, there is no other fact or representation or the omission of which would make any statements contained in the Circular, including this letter, misleading. In addition, we have also assumed that all information, statements and representations made or referred to in the Circular, which have been provided to us by the Company, and for which it is wholly responsible, are true, complete and accurate in all material respects at the time they were made and continue to be so at the date of despatch of the Circular.

We consider that we have reviewed sufficient information to enable us to reach an informed view regarding the Acquisitions to provide us with a reasonable basis for our recommendation. We have no reason to suspect that any material facts have been omitted or withheld, nor are we aware of any facts or circumstances, which would render the information and the representations made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Company; nor have we conducted any independent in-depth investigation into the business and affairs of the Company, the PRC Target Group Companies and the BVI Target Group Companies and their respective associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in relation to the Acquisitions and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

1. Recent development of the Group

The Group was initially engaged in the manufacturing and trading of (i) electronic products and electrical parts and components and (ii) cigarette lighters and lighter parts prior to 2009. With a view to enhancing its return to the Shareholders and diversifying its sources of income, the Group disposed of its loss-making cigarette lighter business in 2009 and expanded into the logistics business through the acquisition of the Purchaser, a logistics company engaged in the provision of logistics and related services, including chemical logistics and shipping services, from the First Vendor in 2009. As disclosed in the Company's circular dated 19 October 2009, the Purchaser obtained an exclusive right of logistics services from a global energy and petrochemical company to provide transportation of petroleum products for around 200 locations in Hong Kong for a term of 3 years (extendable for another two years) and started to cooperate with CITIC Guohua International Construction Contracting Company Limited to provide shipping service to transport construction materials from the PRC to the Republic of Angola for a government key project, which is expected to last for 4 years initially.

2. Reasons for and benefits of the Acquisitions

An opportunity to extend its scope of logistics services and cooperate with a large-scale state-owned enterprise

The PRC Target Group Companies, comprising 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. As at the Latest Practicable Date, the PRC Target Company owns 52% and 40% equity interest in Fritz and Lingxin, respectively. Fritz is principally engaged in the provision of logistics and related services mainly including, general freight, cargo-only transportation (containers, frozen products and canned products), bulk transportation, dangerous goods transportation, logistics services, delivery of vehicles for sale, warehousing, joint car transportation, technology development, technology advisory, freight agent, rental of small cars in the PRC. Lingxin is principally engaged in the provision of logistic and related services mainly including, road transportation and general cargo, freight station (freight agent and warehousing), international freight agent, batch packaging, distribution services, technology development, technology advisory in the PRC.

As disclosed in the Circular, the PRC Target Company won the open bidding of the Zhanjiang Projects (comprising the Zhanjiang Raw Materials Project and the Zhanjiang Specialised Tanker Project) and entered into the Zhanjiang Formal Agreements (comprising the Zhanjiang Raw Materials Project Agreement and the Zhanjiang Specialised Tanker Project Agreement) with Guangdong Steel Company in September 2010. Guangdong Steel Company is a state-owned enterprise and is owned as to 80% and 20% by Baosteel Group Corporation Limited and the State-owned Assets Supervision and Administration Commission of Guangdong Province and Guangzhou City, respectively and is in the process of constructing the Zhanjiang Steel Base located on the Donghai Island, Zhanjiang City, Guangdong Province, the PRC. The Zhanjiang Steel Base, with a total development area of approximately 12.6 square kilometers, will be developed into a steel production base to produce high-end steel products. Based on the existing plan and information available, the total investment amount for the Zhanjiang Steel Base is estimated to be over RMB50 billion and the annual steel production capacity of the Zhanjiang Steel Base will amount to 10 million tonnes. The PRC Target Company expects that the annual steel production capacity of the Zhanjiang Steel Base will reach 20 million tonnes by 2014.

Under the Zhanjiang Formal Agreements, the PRC Target Company has been granted an exclusive right of eight years (renewable subject to negotiations between Guangdong Steel Company and the PRC Target Company) commencing in 2010 to invest, build and operate the Zhanjiang Projects and provide logistics services to Guangdong Steel Company on Donghai Island relating to the transportation of various raw materials and chemicals used in the production of steel products by the Zhanjiang Steel Base. The PRC Target Company will be responsible for investment in and operation of (i) vehicles and equipments (e.g. including dumpers trucks, bucket trucks, water trucks, loading and unloading equipment) for the transportation of general raw material under the Zhanjiang Raw Materials Project and (ii) special vehicles (such as pulling and pumping tankers, chemical tankers, vacuum sludge suction tankers) for the sealed transportation of hazardous or dangerous or chemical raw materials under the Zhanjiang Specialised Tanker Project. The PRC Target Company will charge Guangdong Steel Company for the logistics services based on the agreed unit charges 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 PRC Target Company also entered into the Strategic Cooperation Agreement with Guangdong Steel Company in September 2010 to establish comprehensive strategic cooperation partnership and cooperate fully in all-around areas including the Zhanjiang Related Projects (comprising the Zhanjiang Scrap Steel Project, the Zhanjiang Domestic Transportation Project and the Zhanjiang Finished Products Distribution Project) which involve the transportation of engineering equipment, raw material, auxiliary material and finished products, etc. for the Zhanjiang Steel Base. Under the Zhanjiang Scrap Steel Project, it is intended that the PRC Target Company will invest, build and operate the Scrap Steel Processing and Distribution Centre and source raw scrap steel internationally (especially from the United States, Europe and Japan) and domestically and will further process the raw scrap steel collected into qualified scrap steel for the Zhanjiang Steel Base. Under the Zhanjiang Domestic Transportation Project, it is expected that the PRC Target Company will provide logistics services to transport key raw materials such as coal, calcium carbonate, coking coal, thermal coal, pulverized coal and dolomite, etc. to the Zhanjiang Steel Base. Under the Zhanjiang Finished Products Distribution Project, the PRC Target Company will be responsible for the provision of warehousing and distribution services for the finished products (mainly high-end steel products) produced from the Zhanjiang Steel Base. It is expected that these finished products will be stored in the warehouses to be built by the PRC Target Company in southern PRC whereby and the warehousing capacity of the PRC Target Company will be expanded progressively to meet the projected needs of Guangdong Steel Company. In addition to the above, the PRC Target Company is also in discussion with Guangdong Steel Company to formalize several other projects, including the investment and operation of two gas stations within the Zhanjiang Steel Base to cover the energy needs for all vehicles and equipment related to Guangdong Steel Company.

Having considered the nature of the Zhanjiang Projects and the business relationship between the PRC Target Company and Guangdong Steel Company, we concur with the management of the Company that the Acquisitions will not only further strengthen the logistics services business of the Group by providing an established platform to participate in large-scale industrial projects in the PRC and broaden the Group's income base, but also represents an opportunity to establish solid track record in providing logistics service to large-scale and state-owned enterprises which will in turn enhance the Group's competitiveness in securing future logistics related projects, and will therefore potentially benefit the future financial performance and business development of the Group.

Outlook of the PRC's steel industry

According to the「鋼鐵產業調整和振興規劃」(the "Steel Industry Restructuring and Revitalization Plan") issued by the PRC government in March 2009, the PRC is one of the largest steel producer and consumer of the world and its crude steel production output has recorded an average annual growth rate of approximately 21.1% since the 21st century and reached approximately 500 million tonnes in 2008 (accounted for approximately 38% of the world's production volume). It is also stated under the Steel Industry Restructuring and Revitalization Plan that the PRC's steel industry has been suffering from its relatively low innovative and excessive production capacity. As such, in order to strengthen and maintain the growth momentum of the PRC's steel industry amid the declining global demand in steel due to the financial turmoil occurred in late 2008, the PRC government has promulgated a number of measures including, among other things, (i) accelerating the consolidation of the PRC's steel industry by eliminating backward production capacity to improve the overall efficiency of the industry; and (ii) introducting preferential tax measures to encourage the development of high-end steel products. It is therefore expected that the implementation of these government policies will benefit the business operations of large-scale steel enterprises such as Guangdong Steel Company and will thus indirectly benefit the Group's future business development after Completion.

Based on the above and after having taken into account (i) the nature of the Acquisition Agreements; (ii) the principal business of the Group; and (iii) the Zhanjiang Projects and other potential logistics projects to be undertaken by the PRC Target Company, we are of the view that the Acquisitions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

3. Major Terms of the Acquisition Agreements

In addition to the approval of the Independent Shareholders, the Acquisition Agreements have also contained a number of other terms including the followings:

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

Pursuant to the 10% Acquisition Agreement, the Third Vendor has unconditionally and irrevocably undertaken 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 part of the Consideration Shares to or in favour of any person (other than the holding company of the Third Vendor and/or the Citic Group) for a period of one year from the respective dates of issue of the Consideration Shares issued to the Third Vendor (unless prior written approval is obtained from the Purchaser and the Company). In the event that the Third Vendor and/or its nominee transfers any Consideration Shares to any members of the Citic Group, the Third Vendor shall procure the transferee of the Consideration Shares to make a lock-up undertaking of the Consideration Shares with terms not less than the CS Lock-up Undertaking.

(ii) Second Vendor's Loan lock-up undertaking

As disclosed in the Circular, a subsidiary of the PRC Target Company entered into the Tangshan Formal Agreement 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, the PRC. However, during the due diligence process, it has come to the attention of the Group that Tangshan Bay Three Islands Tourism Resort Development and Construction Company Limited ("Tangshan Bay Development") and 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. Due to the potential financial risks of the Tangshan Projects anticipated by the Group, the Company and the Purchaser have requested and the PRC Target Company has confirmed that it will not proceed with the Tangshan Projects. However, under the Tangshan Formal Agreements, if the aforesaid subsidiary of the PRC Target Company fails to perform its obligations thereunder without reasonable excuse, Tangshan Bay Development is entitled to claim compensation of up to 5% of the construction cost of the Tangshan Projects (i.e. 5% of approximately RMB1.36 billion) of approximately RMB68 million (equivalent to approximately HK$79.9 million).

Furthermore, in November 2009, an arbitration claim (the "Angola Arbitration") in the amount of approximately US$12.8 million (equivalent to approximately HK$99.4 million) against the PRC Target Company was filed by Haitong, a former handling agent of the PRC Target Company, by reason of terminating the cooperation agreement made between Haitong and the PRC Target Company in respect of the shipping services to transport construction materials from the PRC to the Republic of Angola.

Given the above potential claims in the aggregate amount of approximately HK$179.3 million (the "Claims"), the First Vendor and 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 arising from or as a result of the Claims. In addition, the Second Vendor has further agreed that (i) the Second Vendor's Loan in the amount of approximately HK$162.1 million owed by New Wealth to the Second Vendor shall be retained by New Wealth as a security for payment of the full amount of losses or damages suffered by the Purchaser, each of the PRC Target Group Companies and/or each of the BVI Target Group Companies arising from or as a result of the abovementioned event and (ii) it would not demand the repayment of the Second Vendor's Loan (after deducting the amount of the Claims, if applicable) within 3 years from the date of the 90% Acquisition Agreement. Such lock-up undertaking by the Second Vendor will be released upon the First Vendor and the Second Vendor having provided written evidence illustrating the settlement of the Claims.

(iii) Adjustment mechanism for the Consideration

Pursuant to the Acquisition Agreements, the Consideration will be satisfied by the issue and allotment of a maximum of 909,409,482 Consideration Shares (subject to adjustment) at the Issue Price of HK$0.283 per Share, of which 50% of the Consideration will be issued to the Vendors on the respective Completion Dates and the remaining will be issued and allotted to the Vendors within 30 business days after the Completion Accounts having been received by the Purchaser. In the event the value of any of the First Final Figure, the Second Final Figure or the Third Final Figure is less than the First Consideration, the Second Consideration and the Third Consideration, respectively, the Purchaser would directly deduct an amount equal to each of the First Deficit, the Second Deficit and the Third Deficit from the First Retained Consideration, the Second Retained Consideration and the Third Retained Consideration, respectively. The Purchaser shall procure the Company to return the remaining balance of each of the First Retained Consideration, the Second Retained Consideration and the Third Retained Consideration by way of issue of the Retained Consideration Shares at the Issue Price to each of the Vendors within 30 business days after the Completion Accounts having been received by the Purchaser.

4. The Consideration

The Consideration of HK$257,362,884 was determined after arm's length negotiation amongst the Purchaser and the Vendors on normal commercial terms. In assessing the fairness and reasonableness of the Consideration, we have made reference to the aggregate of (i) the fair value (the "Valuation") of the Zhanjiang Projects of approximately RMB110.0 million (equivalent to approximately HK$129.3 million) as at 31 December 2010 as set out in the Evaluation Report; (ii) the unaudited consolidated equity value attributable to the owners of the PRC Target Company of approximately RMB56.23 million (equivalent to approximately HK$66.08 million) as at 31 December 2010; (iii) the Vendors' Loans of approximately HK$62.0 million as at 31 December 2010, and (iv) the capital deficiency attributable to the shareholder of the BVI Target Company of approximately US$1,574 (equivalent to approximately HK$12,222) as at 31 December 2010, and noted that it approximates the Consideration.

As disclosed in the Evaluation Report, in determining the Valuation, the Valuer has adopted the income approach using the discounted cash flow method which involves, among other things, discounting the future cash flows derived from the Zhanjiang Projects during the eight-year exclusivity period under the Zhanjiang Formal Agreements to their present values with a discount rate derived from a number of comparable companies engaged in logistics businesses in the PRC with over 50% of their revenue being generated from logistics and supply chain business. In addition, the Valuation is also based on a number of assumptions such as the annual steel production capacity of Guangdong Steel Company, the services to be provided by the PRC Target Company, the expected unit rate charged, the capital expenditure and major operating costs to be incurred and the expected financing plan underlying the Zhanjiang Projects.

We have performed procedures pursuant to Note 1(d) of Rule 13.80 of the Listing Rules and discussed with the Valuer regarding the methodology of, and bases and assumptions adopted for arriving at the Valuation, and understand that the use of discounted cash flow method allowes the Valuer to address those factors which are specific to the financial performance of the Zhanjiang Projects. We concur with the Valuer that it is appropriate to apply the discounted cash flow method in valuing the Zhanjiang Projects.

Issue price of the Consideration Shares

The Issue Price of HK$0.283 per Consideration Share represents:

(i) a premium of approximately 21.98% to the closing price of HK$0.232 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 2.91% to the closing price of HK$0.275 per Share on the Last Trading Date;

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

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

(v) 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 Latest Practicable Date.

As disclosed in the Circular, the Issue Price of HK$0.283 per Consideration Share is determined after arm's length negotiations between the Company and the Vendors with reference to the prevailing market price per Share, the net asset value of the Share and the prospect of the business operations of the Enlarged Group. Having made reference to the recent closing prices of the Shares, we note that the Issue Price approximates the average closing price per Share for the 10 consecutive trading days up to and including the Last Trading Date and the average closing price of the Shares for the 30 consecutive trading days up to and including the Last Trading Date.

Having considered that (i) the Consideration approximates to the aggregate of the Valuation, the unaudited consolidated equity value attributable to the owners of the PRC Target Company and the Vendors' Loan as at 31 December 2010; (ii) the Issue Price is close to the recent average closing price of the Shares; (iii) the future business opportunities of the PRC Target Company to cooperate with Guangdong Steel Company (such as the Zhanjiang Related Projects and other projects in discussion with Guangdong Steel Company as disclosed in the Circular); (iv) the adjustment mechanism of the Consideration as discussed above; and (v) the First Vendor and the Second Vendor will 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 arising from or as a result of the Claims which is secured by the Second Vendor's Loan, we are of the view that the terms of the Acquisition Agreements (including the Consideration) are fair and reasonable in so far the Independent Shareholders are concerned and are on normal commercial terms.

5. Effect on shareholding interests of the Shareholders

Based on the issued share capital of the Company of 9,582,789,500 Shares as at the Latest Practicable Date, the 909,409,482 Consideration Shares represents approximately 9.5% of the existing issued share capital of the Company and approximately 8.7% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. Upon Completion, the shareholding of the existing public Shareholders would be slightly decreased from approximately 76.7% as at the Latest Practicable Date to approximately 70.1% as enlarged by the issue and allotment of the Consideration Shares. Having considered the future economic benefits to be derived from the Zhanjiang Projects and other future business opportunities with Guangdong Steel Company (such as the Zhanjiang Related Projects and other projects in discussion with Guangdong Steel Company as disclosed in the Circular) after Completion and the fact that the Group will be able to retain the necessary working capital to finance its existing businesses, we concur with the management of the Company that the dilution effect arising from the issue of the Consideration Shares is acceptable.

6. Financial impact of the Acquisitions

(i) Earnings and net asset value

Upon Completion, the BVI Target Company, New Wealth, Freight Links and the PRC Target Company will become wholly-owned subsidiaries of the Company and their financial results will be consolidated into the Company's consolidated financial statements.

Given that the consideration of the Acquisitions will be satisfied by the issue and allotment of the Consideration Shares at the Issue Price, the fair value of the Consideration Shares issued upon Completion will be used to determine the cost of the Acquisitions and it is expected that the Company's consolidated net assets will increase accordingly. If the fair value of the Consideration exceeds the Group's interest in the fair value of the identifiable assets acquired (including intangible assets relating to the Zhanjiang Projects in connection with the Acquisitions), and liabilities and contingent liabilities assumed as at the date of Completion, the Acquisitions would result in the Group recording a goodwill. Amortisation expenses will be charged to the Group's consolidated income statements over the useful life of the intangible assets. The carrying amount of the goodwill and/or intangible assets resulted from the Acquisitions will be reviewed for impairment annually or more frequently if events or changes in circumstances which indicate that their respective carrying values may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill and/or intangible assets relates. If the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss will be recognised and the earnings and net asset value of the Group may adversely be affected. Since the Company intends to finance part of the funding needs of the Zhanjiang Projects by bank loans, the Group may also incur additional interest expenses. However, the management of the Company considers that such additional expenses to be incurred by the Group as a result of the Acquisitions can be compensated by the future economic benefits derived from the Zhanjiang Projects and other business opportunities with Guangdong Steel Company (such as the Zhanjiang Related Projects and other projects in discussion with Guangdong Steel Company as disclosed in the Circular).

(ii) Gearing and working capital

According to the Financial Reports, the Group had total interest-bearing borrowing and bank balances and cash of approximately HK$167.4 million and HK$120.4 million as at 30 June 2010 respectively. Since the PRC Target Company had cash and bank balance of approximately HK$42.5 million and did not have any bank borrowings as at 31 December 2010 according to its unaudited financial statements and the Consideration will be satisfied by the issue and allotment of the Consideration Shares, it is expected that the Acquisitions will result in an improvement in the Group's working capital position and gearing ratios. However, depending on the future amount of the bank borrowings to be obtained by the Group to finance the Zhanjiang Projects (and/or other related logistics projects), the Group's gearing ratio might increase.

CONCLUSION AND RECOMMENDATION

Having considered the principal factors referred from above, we are of the view that (i) the Acquisitions are conducted in the ordinary and usual course of business of the Group and on normal commercial terms; (ii) the terms of the Acquisition Agreements are fair and reasonable in so far as the Independent Shareholders are concerned; and (iii) the entering into of the Acquisition Agreements are in the interests of the Company and the Shareholders as a whole. Accordingly, we would advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM in respect of the Acquisitions.

Yours faithfully,
For and on behalf of
KBC Bank N.V. Hong Kong Branch

Kenneth Chan	**Gaston Lam**
Head of Corporate Finance,	*Corporate Finance*
Greater China	

利駿行測量師有限公司
LCH (Asia-Pacific) Surveyors Limited
PROFESSIONAL SURVEYOR
PLANT AND MACHINERY VALUER
BUSINESS & FINANCIAL SERVICES VALUER

The readers are reminded that the report which follows has been prepared in accordance with the guidelines set by the International Valuation Standards, Eighth Edition, 2007 published by the International Valuation Standards Committee which entitles the valuer to make assumptions which may on further investigation, for instance by the readers' legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer. Translations of terms in English or in Chinese are for readers' identification purpose only and have no legal status or implication in this report. This report is prepared and signed off in English format, translation of this report in language other than English should not be regarded as a substitute to this report. Piecemeal reference to this report is considered to be inappropriate and no responsibility is assumed from our part for such piecemeal reference. It is emphasised that the findings and conclusion presented below are based on the documents and facts known to the valuer at the date of this report. If additional documents and facts are made available, the valuer reserves the right to amend this report and its conclusion.

17th Floor
Champion Building
287-291 Des Voeux Road
Central
Hong Kong

28 February 2011

The Board of Directors
Sino-Tech International Holdings Limited
32nd Floor, Entertainment Building
30 Queen's Road Central
Hong Kong

Dear Sirs,

In accordance with the recent instructions given by the management of Sino-Tech International Holdings Limited (hereinafter referred to as "Sino-Tech" or the "Company") to us, we were retained to analyse and prepare an agreed-upon procedures evaluation on the financial net present value of various proposed projects (collectively hereinafter referred to as the "Zhanjiang Projects") as at 31 December 2010 (hereinafter referred to as the "Relevant Date") for the Company's internal management reference. The Zhanjiang Projects are located in Zhanjiang, Guangdong Province, the People's Republic of China (hereinafter referred to as the "PRC"). We confirm that we have carried out inspections, made relevant inquiries and have based our work on a set of documents as supplied by the managements of the Company and the PRC Target Company (to be defined in the report.) or its appointed personnel to arrive at our conclusion. Our findings and conclusion are documented in an evaluation report and submitted to the Company at today's date.

At the request of the management of the Company, we prepared this summary report to summarise our findings and conclusion as documented in the evaluation report for the purpose of inclusion in a public document at today's date for the Company's shareholders' reference. Terms herein used without definition shall have the same meanings as in the evaluation report, and the assumptions and caveats adopted in the evaluation report also apply to this report.

We understand that the management of the Company will use our work product as part of its business due diligence, and we have not been engaged to make specific sale or purchase recommendations, or to give our opinion of value for the Company's financing arrangement. We further understand that the management of the Company will not rely solely on our work, and that the use of our work product will not supplant other due diligence which the management of the Company should conduct in reaching its business decision with regard to the Zhanjiang Projects. Our work is designed solely to give the management of Sino-Tech a reference in forming part of its internal due diligence, and our work should not be the only factor to be considered by the management of the Company.

OUR INSTRUCTION TO THIS ENGAGEMENT

At the instruction of the management of the Company, we were retained to base on a set of documents provided by the PRC Target Company and the Company or its appointed personnel to analyse and prepare an agreed-upon procedures project evaluation report to evaluate the financial net present value of the Zhanjiang Projects. The documents include two various contracts signed by 中信物流有限公司 (translated as CITIC Logistics Company Limited and hereinafter referred to as the "PRC Target Company") with a third party, a profit forecast provided by the PRC Target Company (hereinafter referred to as the "Profit Forecast"), and the Company's announcement dated 11 February 2011 (hereinafter referred to as the "Company's Announcement").

According to the Company's Announcement, the Company will acquire a 90% equity interest of the PRC Target Company from Mr. Li Weimin and Pioneer Blaze Limited at a consideration of HK$210,393,289 which is to be satisfied by issuing consideration shares (hereinafter referred to as the "90% Acquisition Agreement").

According to the same announcement, the Company will also acquire the remaining 10% equity interest of the PRC Target Company from 中信汽車公司 (translated as CITIC Automobile Company Limited) at a consideration of HK$46,969,595 which is to be satisfied by issuing consideration shares (hereinafter referred to as the "10% Acquisition Agreement"). The 10% Acquisition Agreement is subject to the completion of the 90% Acquisition Agreement.

THE ZHANJIANG PROJECTS

According to two provided documents titled 湛江鋼鐵工程 – 廠內汽車、工程機械運輸BOO項目 合同 – 特種罐車運輸板塊項目 (translated as Zhanjiang Steel Project – within the Steel Factory BOO Project Agreement – Specialised Tanker Transportation Segment Project) and 湛江鋼鐵工程 – 廠內汽車、工程機械運輸BOO項目合同 – 原料運輸板塊項目 (translated as Zhanjiang Steel Project – within the Steel Factory BOO Project Agreement – Raw Material Transportation Segment Project) and both dated 26 September 2010 (collectively referred to as the "Zhanjiang Formal Agreements"), 廣東鋼鐵集團有限公司 (translated as Guangdong Steel Group Company Limited and hereinafter referred to as "Guangdong Steel Company") and the PRC Target Company agreed that, the PRC Target Company to build, own and operate ("BOO") a logistics system for 湛江鋼鐵基地 (translated as Zhanjiang Steel Base) at Zhanjiang for a term of 8 years commencing from the date of the Zhanjiang Formal Agreements. Guangdong Steel Company is in the process of constructing the Zhanjiang Steel Base located at the Donghai Island, Zhanjiang City, Guangdong Province, the PRC（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 Zhanjiang Steel Base is estimated to be over RMB50 billion.

THE PRC TARGET COMPANY

According to a 企業法人營業執照 Enterprise Legal Person Business License No. 110000003332521 dated 11 March 2010, the PRC Target Company is a limited liability company with a registered capital of RMB 100 million. The registered address of the PRC Target Company is at 北京市朝陽區崔各莊鄉馬泉營村 (translated as Ma Quan Ying Village, Cui Ge Zhuang County, Zhao Yang District, Beijing, the PRC). The PRC Target Company was established on 18 March 1998 with a valid operation period of 20 years from 11 March 2010 to 10 March 2030. The business scope of the PRC Target Company is restricted to "許可經營項目：道路普貨運輸、大型物件運輸、危險貨物運輸。一般經營項目：貨運代理、倉儲保管、分批包裝、配送服務；物流訊息諮詢服務；技術開發、技術諮詢" (translated as authorized businesses: transporting of ordinary goods, large scale goods, dangerous goods. General business: logistic agents, warehousing, repackaging, transporting; logistic consulting; technology developing and consulting.).

ESTABLISHMENT OF TITLES

For the purpose of this engagement, the management of the Company was requested to provide us the necessary documents to support that the legally interested parties in the Zhanjiang Projects have free and uninterrupted rights, directly or indirectly, to assign or to transfer the Zhanjiang Projects (a part of or the whole of) free of all encumbrances and any premiums/administrative costs payable have already been paid in full. However, our procedures to evaluate as agreed with the management of the Company did not require us to conduct legal due diligence on the legality and formality on the way that the legally interested parties obtained the Zhanjiang Projects from the relevant authorities. We agreed with the management of the Company that this should be the responsibility of the legal advisor to the management of the Company. Thus, no responsibility or liability is assumed from our part to the origin and continuity of the title to the Zhanjiang Projects.

For the purpose of this engagement, we have been provided with copies of the title documents and legal opinions dated 24 February 2011 (the "Legal Opinion") issued by 通商律師事務所 (Commerce and Finance Law Offices), a lawyer qualified to practise in the PRC. According to the Legal Opinion, the PRC Target Company has obtained a full legal and beneficial title free from all encumbrances in respect of the Zhanjiang Projects.

In our evaluation, we have assumed that the legally interested parties in the Zhanjiang Projects have obtained all the approval and/or endorsement from the relevant authorities for operation, and that there would be no legal impediment (especially from the regulators) for the legally interested parties to continue the interest of the Zhanjiang Projects. Should this not be the case, it will affect our conclusion in this report significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

PROCEDURES TO EVALUATE

In performing our work, we have adopted the following procedures which were agreed with the management of the Company before the engagement. They were:

- to read and based on the content of the supplied information, such as the Profit Forecast, market information, financial information, and its related materials such as explanatory statements and relevant correspondence and recent updates from the management of the Company or its appointed personnel, to arrive at our conclusion. In the course of our evaluation, we will assume that the information provided in the materials is correct and we will only verify the information when and where possible. However, we will not ascertain the correctness of the information contained in the materials like an auditor in giving an audit opinion;

- to conduct a limited scope of site inspection on the location of the Zhanjiang Projects at the direction of relevant appointed personnel;

- to hold discussions with relevant appointed personnel of the Company in order to have a better understanding of the Zhanjiang Projects;

- to conduct appropriate research in order to obtain sufficient information to arrive at our conclusion. The extent of research and consultation is at our discretion;

- to evaluate the financial net present value of the Zhanjiang Projects using the appropriate method(s); and

- to document our findings and conclusion in our project evaluation report.

THE BASIS OF EVALUATION AND ASSUMPTIONS

The Zhanjiang Projects are evaluated on the basis of continued use and as part of a going concern business of a business enterprise *(see Note at the bottom of this page),* in this case the PRC Target Company. The continued use premise assumes that the Zhanjiang Projects will be operated in accordance with the scheduled development plan.

Our evaluation has been made on the following assumptions as at the Relevant Date. They are:

1. the legally interested parties in the Zhanjiang Projects have free and uninterrupted rights to use or assign, directly or indirectly, a part of or the whole of the interests of the Zhanjiang Projects for the whole of the unexpired terms as granted and any relevant costs payable have already been fully paid;

2. the relevant operating licence(s) and business registration documents are able to be renewed after their expiration from time to time in order to achieve the expected result;

3. the Zhanjiang Steel Base will obtain the necessary approval from the National Development and Reform Commission before commencing its operation In other words, the successful launch of the Zhanjiang Steel Base is a critical path to the Zhanjiang Projects;

4. all required licences, certificates, consents, or other legislative or administrative authority from any local, provincial, or national government or private entity or organisation have been or can readily be obtained before commencing the operation and be renewed or replaced on which the evaluation contained in our report are based;

5. as advised by the respective management of the PRC Target Company and the company, other than the corporate tax as disclosed, there is no special taxation to the Zhanjiang Projects' owner and operator;

6. the PRC Target Company is able to provide services under their marketing strategies without any legal impediment, in particular to provide various designated services to the Guangdong Steel Company;

7. the PRC Target Company successfully raises fund to finance and to develop the Zhanjiang Projects as planned;

Note: A business enterprise is defined as a commercial, industrial, service, or investment entity, or a combination thereof, pursuing an economic activity.

8. the Zhanjiang Projects successfully yields the economic benefits as projected in the Profit Forecast which including but not limited to:

   (i) Zhanjiang Steel Base will have an annual steel production capacity of 5 million tonnes in 2012, 10 million tonnes in 2013, 20 million tonnes in 2014, and remained constant thereafter;

   (ii) services provided in the Zhanjiang Projects are in line with the annual production capacity of the Zhanjiang Steel Base; and

   (iii) the level of services provided under the Zhanjiang Projects are proportionally following the growth of annual steel production capacity of the Zhanjiang Steel Base.

9. the prospective earnings would provide a return to the PRC Target Company as projected in the Profit Forecast and that the PRC Target Company has adequate working capital to implement the operation from time to time;

10. the legally interested parties in the Zhanjiang Projects have adopted reasonable and necessary security measures, and have considered several contingency plans against any disruption (such as fire, change of government policy, labour dispute and other types of unexpected accidence) to its operations;

11. the Zhanjiang Projects, as part of a going concern business of the PRC Target Company, can be freely disposed of and transferred free of all encumbrances for its existing or approved uses in the market to both local and overseas purchasers without payment of any premium to the government;

12. as projected in the Profit Forecast, total vehicles to be invested for the first batch, second batch and third batch are 363, 144, and 507, and will arrive in May 2012, February 2013 and November 2014, respectively, which are in line with the progressive planned expansion of Zhanjiang Steel Base's capacity. Types of vehicles include 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), pulling and pumping tankers (吸引壓送罐車), vacuum sludge suction tankers (真空污泥罐車), and chemical tankers (葯品罐車);

13. total capital expenditure, as advised by the management of the Company, is approximately over RMB490 million and to be invested between 2011 and 2014;

14. the financing plan to the Zhanjiang Projects is 40% by bank loan and 60% by equity, as advised by the management of the Company;

15. the average useful life of all vehicles is 10 years as predicted in the Profit Forecast;

16. the initial unit rate of the logistics services (per tonne per kilometer) as stipulated in the Zhanjiang Formal Agreements, to be charged to the Guangdong Steel Company will be ranging from RMB1.06 to RMB10.26 for various types of vehicles, and the rates will be reviewed pursuant to the terms of the Zhanjiang Formal Agreements periodically. For evaluation sake, no change of unit rate is assumed throughout the contract period;

17. the major fixed costs items as stipulated in the tender document issued by the PRC Target Company to the Guangdong Steel Company include:

    (i) salary of labor, ranged from RMB3,800 to RMB4,500 per month per labor;

    (ii) transport subsidy to staff, is approximate RMB300 per month per person;

    (iii) miscellaneous cost to labor, ranged from RMB400 to RMB500 per month per labor;

    (iv) depreciation, ranged from RMB4,600 to RMB16,000 per month per vehicle;

    (v) maintenance, ranged from RMB2,300 to RMB5,600 per month per vehicle, and;

    (vi) insurance, ranged from RMB2,300 to RMB4,000 per month per vehicle.

    The rates will be reviewed and agreed by both the PRC Target Company and the Guangdong Steel Company periodically pursuant to the terms of the Zhanjiang Formal Agreements. For evaluation sake, no change of unit rate is assumed throughout the contract period;

18. the major variable costs items as stipulated in the tender document issued by the PRC Target Company to the Guangdong Steel Company include:

    (i) fuel cost, ranged from RMB27,000 to RMB82,000 per month per vehicle;

    (ii) tyres replacement, ranged from RMB100 to RMB1,900 per month per vehicle;

    (iii) auto parts and utility services cost, is approximate RMB100 per month per vehicle;

The rates will be reviewed and agreed by both the PRC Target Company and the Guangdong Steel Company periodically pursuant to the terms of the Zhanjiang Formal Agreements. For evaluation sake, no change of unit rates is assumed throughout the contract period; and

19. the corporate tax rate of the PRC Target Company is 25%, as stated in the Profit Forecast.

Should these not be the case, it could have adverse impact to our reported findings and conclusion.

FACTORS CONSIDERED IN THE EVALUATION

Unless otherwise stated, the evaluation of the Zhanjiang Projects has taken into account a number of pertinent factors affecting the Zhanjiang Projects and its ability, if successful, to generate future investment returns as part of a going concern business of the PRC Target Company. The factors considered in the evaluation included, but were not limited to, the following:

- the nature and the characteristics of the Zhanjiang Projects, including the historical background and the remaining life for the Zhanjiang Projects;

- the use of the Zhanjiang Projects as part of a going concern business of the PRC Target Company;

- the cost and financial information as contained in the Profit Forecast;

- the projected future returns mentioned in the Profit Forecast and based on the assumptions made by the appointed personnel of the PRC Target Company and the management of the Company;

- the economic interest and general characteristics of the Zhanjiang Projects;
- the PRC Target Company being able to obtain all relevant licences as part of a going concern business;
- the quality of the proposed facilities;
- the PRC Target Company being able to raise fund to the acquisition of vehicles, equipment, and construction of facilities and its subsequent operations;
- the capability and determination of the PRC Target Company to follow the planned development schedule in the Profit Forecast;
- the capability and determination of the PRC Target Company to maintain its clientele;
- the capability and determination of the PRC Target Company to follow the government and industry management quality standards and to review/up-lift its standards to catch the industry need from time to time;
- the capability and determination of the legally interested parties in the Zhanjiang Projects to protect its operations against any disruption of the normal operation in the Zhanjiang Projects;
- the capability and determination of the PRC Target Company to maintain a cost effective operation in the Zhanjiang Projects;
- the capability and determination of the PRC Target Company to maintain an experienced management team as part of a going concern business;
- the economic and industry data affecting the Zhanjiang Projects and the logistics business in the PRC; and
- the market-derived investment returns of similar business.

FINANCIAL EVALUATION

Generally speaking, there are several conventional capital investment evaluation techniques, namely the Payback Period, the Rate of Return Method and the Discounted Cash Flows Method. The use of the Payback Period and the Rate of Return Method or the like is designed to serve the purpose of comparing between two or more capital investment projects simultaneously, and to help the investor(s) to examine a sound investment decision between the analysed projects by comparing the period to recover cost of investments or rate of return on capital employed. While the Discounted Cash Flows Method is designed to serve the purpose of evaluating the total sum of money to be received during the useful life of a project by investing certain amount of capital after considered the time value of money *(see Note at the bottom of this page)*.

Payback Period

Payback measures the number of years it is expected to take to recover the cost of the original investment. It is calculated by estimating the annual cash flows from the commencement of a project to the end of its useful life. Initially the outflow will be negative, but, within a year or two from the start of most projects, positive cash flows will occur. This is a simple method and usually used as a first screening method (quoted from Investment Appraisal by G. Mott for the readers' easy reference).

However, we have reservation to use this simple method for it ignores any cash received after the payback period which cash flows after the payback period are usually much larger than before. And, it makes no attempt to relate the cash earned on the investment to the amount actually invested. In other words, it failed to measure the total profitability over the whole life of the investment. Some analysts commented this method encouraging a short term view and discriminate against long term projects and growth projects, like the Zhanjiang Projects. This technique is only good to making comparison between two capital investment projects and to help to examine a sound investment decision between the two projects and, appropriate for entity where short term cash flows is more important than long term cash flows.

Note: The time value of money is based on the premise that one will prefer to receive a certain amount of money today than the same amount in the future, all else equal.

Return on Capital Employed

This method also known as the accounting rate of return. It is calculated by estimating average annual pre-tax profit as a percentage of the average capital employment i.e. the original investment. Analysts considered this method is good to measure a project if the entity is concerned with profits rather than liquidity over a period of time. However, like the previous method, it ignores the time value of money and takes no account of the timing of the profits for it takes averaging over a period of time (quoted from Investment Appraisal of The CIMA for the readers' easy reference).

We consider this method as irrelevant for the ratio in consideration is based on averaging profit over a period of time, not cash flows, which is hard to determine to the Zhanjiang Projects at present moment.

Ipso facto, we have reservation to use the non-discounting but comparison evaluation technique in evaluating the Zhanjiang Projects for there did not have other capital investment project(s) to compare. We take the view that the comparison evaluation technique, in this instance, can only be used when there are benchmarks to compare, say, statutory planned rate of return or payback period, and the evaluation is required for statutory purposes. However, to the best of our understanding, this evaluation is not intended to serve such statutory purposes nor there are reasonable, market-orientated benchmarks published by any recognised authorities in China for the investors to follow. Last but not the least, our instruction was to conduct a financial evaluation based on the materials provided in the Profit Forecast and to arrive at the financial net present value of the Zhanjiang Projects, if successful. Under such circumstance, we consider the use of the non-discounting comparison evaluation technique in this engagement is irrelevant.

Discounted Cash Flows Method *(see Note at the bottom of this page)*

In considering the Discounted Cash Flow ("DCF") Method as the most appropriate method to assess the profitability of the Zhanjiang Projects, we have used the Net Present Value Analysis. By using this method, the expected cash flows on the Zhanjiang Projects are set out year by year and brought to a present value by use of present value factors at the appropriate rate. In constructing the cumulative present value table, positive present values are netted off against deficit present values so as to arrive at the "net present value" or in short form, NPV. When this net figure is positive then the Zhanjiang Projects are said to be viable because the stream of net cashflows is sufficient to pay the required rate of return at the specified rate. Conversely, when the net present value is negative then the Zhanjiang Projects is not viable.

Note: Data from Bloomberg.com

The NPV is the difference between the present values of project benefits and project costs. The financial NPV is computed using the following formula (for illustration purpose):

$$NPV = \sum_{i=0}^{n} \frac{b_i - c_i}{(1+r)^i}$$

where b_i = *benefits (cash inflows) in period i*
c_i = *costs (cash outflows) in period i*
r = *discount rate*
n = *discounting period*

The decision criterion is, as said, simple – to accept a project with NPV greater than or equal to zero, and reject if otherwise.

By constructing a cumulative present value table, a cash flows table is required. The cash flows table consists of (1) cash inflow items including revenues generated from the subject project, net working capital inflows and debt borrowing; and (2) cash outflow items including all cash related expenses such as operating expenses, administrative expenses, tax expenses, capital expenditures, net working capital outflows and debt repayment. The use of the NPV Method and its related analysis reflect investment criteria and requires the valuer to make empirical and subjective assumptions.

The first step of the evaluation is to estimate the economic income projection. The projections of the future revenues used in this evaluation were based on the Profit Forecast provided by the appointed personnel of the PRC Target Company and the management of the Company (including both companies' directors), and they are responsible for the assumptions upon which the projections are based. We are given to understand that the appointed personnel of the PRC Target Company has rich experience in the related industry and the Profit Forecast was prepared after due and careful enquiry. Having discussed with the appointed personnel of the PRC Target Company and the Company, we were instructed to follow the projection as contained in the information provided to us and no further verification work is required.

The next step is to estimate the appropriate present value factor i.e. discount rate. Discount rate equals to cost of capital. The cost of capital represents investors' expectations and for any given investment is a combination of three basic factors, namely the risk-free rate, the expected inflation and a premium for risk. There are many ways to estimate the discount rate such as the Build-up Model, the Capital Asset Pricing Model ("CAPM") and the Arbitrage Pricing Model for equity investment, and the Weighted Average Cost of Capital for normal project investment. The use of the appropriate model in each analyse depends on numerous factors, in particular the future capital structure of the investment. There is no universal model that applies to all cases. In this case, we have adopted the CAPM in the evaluation which reflecting the value of the project to the project investors.

The CAPM is a model in which the cost of capital for any stock or portfolio of stocks equals a risk-free rate plus a risk premium that is proportionate to the systematic risk of the stock or portfolio. (See ASA Business Valuation Standards).

The CAPM concluded that a security's equity risk premium (the required excess rate of return for a security over and above the risk-free rate) is a linear function of the security's beta. This linear function is described as follows.

$$r_a = r_f + \beta_a (r_m - r_f)$$

Where, r_a = *CAPM derived discount rate*
r_f = *risk free rate*
β_a = *beta of the asset*
r_m = *expected market return*

In estimating the discount rate in the evaluation, we have adopted the market-derived discount rate by the CAPM by using the market data of various listed companies with business similar to the PRC Target Company in the Zhanjiang Projects.

We understand that the projection provided regarding the Zhanjiang Projects is in line with Zhanjiang Steel Base steel annual production capacity, i.e. growth from 5 million tonnes in 2012 to 20 million tonnes in 2014, then remained constant thereafter until contracts end in 2018.

In the course of our analysis, we have collected a total of 23 comparable companies involved in logistics business in the PRC. We then established a set of criteria to select the guideline companies, and identified 5 guideline companies used in the evaluation of the Zhanjiang Projects. The selection criteria are:

- the main business of the comparable company should be operated in the PRC;
- the comparable company should be listed in the stock exchange of China (either in Shanghai or Shenzhen);
- the main business of the comparable company should be in the logistics and supply chain industry; and
- over 50% revenue should be generated from logistics and supply chains business in the first half of 2010 to filter out those companies with unrelated side business.

Details of the conclusive guideline companies are set out as follows:

Name of the Listed Companies	Description of the business	Debt/ Equity	Raw Beta	Adjusted Beta
Shenzhen Feima International Supply Chain Company Limited (002210 CH))	The company provides shipping, logistics and transportation consulting services. All revenue is generated from logistics management in the first half of 2010.	82%	1.121	1.081
Liaoning Baike Group (Holding) Company Limited (600077 CH)	The company provides business of steel product logistics in the forms of exploration, e-commerce, warehousing, processing and distribution. All of the revenue is generated from steel logistic business in the first half of 2010.	0%	1.053	1.036
China Railway Tielong Container Logistics Company Limited (600125 CH)	The company provides railroad, truck, and water transportation and related warehousing services, manufactures concrete, develops real estate, and operates in commercial trading. 70% of revenue is generated from logistics business in the first half of 2010.	0%	1.031	1.020
Eternal Asian Supply Chain Management Limited (002183 CH)	The company offers supply chain outsourcing services, logistics operation, settlement, information system, and data processing services. 99% of revenue is generated from logistics and supply chain related businesses in the first half of 2010.	144%	1.022	1.015
Jiangsu Xinning Modern Logistics Company Limited (300013 CH)	The company provides electronics components bonded warehousing services, freight forwarders and import and export clearance. All of the revenue is generated from warehousing and logistics related business in the first half of 2010.	2%	1.129	1.086

* *Due to rounding process, the figures will be different from the actual worksheet.*

Source: Bloomberg, as at the Relevant Date

The beta of each guideline company represents its industry risk and return relative to the domestic market, the PRC. In calculating the discount rate, the average adjusted beta of the guideline companies, as sourced from Bloomberg, is adopted. The adjusted beta is modified from corresponding raw beta by assuming the guideline company's beta will move toward to the market average (i.e. beta equals to 1) in the long run, with the following formula:

Adjusted Beta = 0.33 + 0.67 x Raw Beta

By taking the averaged debt to equity ratio of 46%, the adopted average re-levered beta is 1.15 which reflecting the industry risk on logistics and supply chain industry. As the operation of Zhanjiang Projects is highly relied on Guangdong Steel Company, we considered that its group company, Baoshan Iron and Steel Company Limited (600019 CH) which is in the iron and steel industry and listed in the stock exchange of Shanghai, can be used as a guideline company in reflecting the risk in the Zhanjiang Projects.

Name of the Listed Company	Description of the business	Debt/ Equity	Raw Beta	Adjusted Beta
Baoshan Iron and Steel Company Limited (600019 CH)	The company manufactures and markets a variety of iron and steel products including cold rolled plates and coils, hot rolled plates and coils, seamless steel tubes, high-speed wire rods, and steel billets. All of the revenue is generated from steel manufacturing and processing businesses.	57%	1.065	1.043

* *Due to rounding process, the figures will be different from the actual worksheet.*

Source: Bloomberg, as at the Relevant Date

We then adopted the beta of 1.10, which is the average of the calculated beta of logistics industry and the beta of Baoshan Iron and Steel Company Limited, together with the 8-year China Sovereign Fixed Rate of 3.76% and the market return of China 14.48% as at 31 December 2010 (sourced from Bloomberg) in our evaluation. As the real cash flows were adopted in the evaluation, the discount rate should be in real term after considered an inflation adjustment by referring to the average historical CPI of the PRC. Having considered the size premium of 3.99% (sourced from 2010 Ibbotson SBBI Valuation, Yearbook), the cost of equity in this evaluation is 17% (rounding).

We have conducted a sensitivity analysis on the arrived financial net present value of the Zhanjiang Projects on the assumption that changes in the used parameters in the calculations/projections were to take place. Sensitivity analysis scenarios on two major parameters – the cost of capital and revenue are used in the financial evaluation of the Zhanjiang Projects with the following results. They are:

	Net Present Value as at the Relevant Date *RMB (Million)* Change in Incomes				
	–10%	**–5%**	**0%**	**5%**	**10%**
Change in Discount Rate					
2.00%	8	49	90	130	171
1.00%	15	57	100	142	184
0.00%	23	67	110	154	198
–1.00%	31	77	122	167	213
–2.00%	40	87	134	182	229

MATTERS THAT MIGHT AFFECT THE VALUE REPORTED

No allowance has been made in our evaluation for any charges, mortgages, outstanding premium or amounts owing on the Zhanjiang Projects. Also, no allowance has been made in our evaluation for any expenses or depreciation or taxation, which may be incurred in effecting a sale of the Zhanjiang Projects. Unless otherwise stated, it is assumed that the Zhanjiang Projects are free from all encumbrances, restrictions, and outgoings of an onerous nature which could affect its value.

In the course of evaluation, we have assumed that the Zhanjiang Projects are able to implement without any legal impediment (especially from the regulators). Should this not be the case, it will affect the reported conclusion significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

As at the Latest Practicable Date as defined in this circular, we have not identified any adverse news against the Zhanjiang Projects which may affect our findings and conclusion in our report. Thus, we are not in the position to report and comment on its impact (if any) to the Zhanjiang Projects. However, should it be established subsequently that such news did exist as at the date of this report, we reserve the right to amend this report and conclusion reported herein.

INSPECTIONS AND INVESTIGATIONS

At the representation of the appointed personnel of both the PRC Target Company and the Company, we have conducted a limited scope of inspection to the location of the Zhanjiang Steel Base in respect of which we have been provided with such information as we have requested for the purpose of our evaluation. We have not inspected those parts of the land which were covered, unexposed, not being arranged or inaccessible and such parts have been assumed to be in reasonable condition. We cannot express an opinion about or advice upon the condition of uninspected parts and our report should not be taken as making any implied representation or statement about such parts. No structural survey, investigation, test or examination has been made, but in the course of our inspections we did not note any serious defects in the land. We are not, however, able to report that the land is free from rot, insect, infestation or any other defects. No tests were carried out to the services (if any) and we are unable to identify those services covered, unexposed or inaccessible.

Our evaluation has been made on the assumption that no unauthorised alteration, extension or addition has been made in the land that occupied by the Zhanjiang Projects (if any), and that the inspection and the use of our report do not purport to be a building or conditional survey of the inspected property. We have assumed that the premises are free of rot and inherent danger or unsuitable materials and techniques.

If there is a third party other than the legally interested parties in the Zhanjiang Projects proposing to acquire the Zhanjiang Projects and wants to satisfy them as to the Zhanjiang Projects of which forms part of a going concern business of the PRC Target Company, if successful, then the third party should obtain a relevant surveyor's detailed inspection and report of their own before deciding whether or not to enter into an agreement for sale and purchase.

We have not carried out on-site measurements to verify the correctness of the areas or specifications of the Zhanjiang Projects, but have assumed that the areas and specifications shown on the documents and handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement did not include an independent land survey to verify the information or location provided. Since we are not the authorised person to conduct land survey in China and the enormous resources required in conducting a detailed inspection and survey, we were further instructed to conduct our work based on the information given. We are unable to accept any responsibility for the reliability of the information given in these documents.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the inspected land which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative uses have ever been carried out in the land. We have not carried out any investigation into past or present uses, either of the land or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the land from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the inspected land or any neighbouring land, or that the inspected land has been or is being put to a contaminative use, this might reduce the value now reported.

SOURCES OF INFORMATION AND ITS VERIFICATION

For the purpose of our work, we were provided with a latest version of financial projection from the appointed personnel of the PRC Target Company and the management of the Company, and they are responsible for the assumptions upon which the projections are based. Having discussed with the appointed personnel of the PRC Target Company and the management of the Company, we understood that the assumptions adopted by the appointed personnel of the PRC Target Company and the management of the Company reflect their judgment of their ability to promote and to commercialise the contracts through its marketing strategy and sales platform. The projections are based on their view of the most likely action to be taken by the respective management of the PRC Target Company and the Company in the operation of the business, and they attested that the supplied data are accurate and reasonable. The financial projection is the source of the cash inflow and cash outflow items mentioned above. We noted that the cash inflow and cash outflow items are in real term in the financial projection. This information have been utilised without further verification. We have had no reason to doubt the truth and accuracy of the information that we have been furnished. No responsibility is assumed for the accuracy of the provided information.

For the purpose of this evaluation, we were furnished with various copies of the above named or unnamed documents related to this report and these copies have been referenced without further verifying with the relevant bodies and/or authorities. We need to state that we are not legal professionals, therefore, we are not in the position to advise and comment on the legality and effectiveness of the documents provided by the respective management of the PRC Target Company and the Company. No responsibility is assumed.

We have relied solely on the information provided by the respective management of the PRC Target Company and the Company or its appointed personnel without further verification and have fully accepted advice given to us on such matters as planning approvals or statutory notices, procedures to obtain necessary approvals, locations, titles, easements, clientele, products (type and class), site areas and all other relevant matters.

We are not contracted to conduct a due diligence to review the existing logistics and supply chain industry in the PRC. In the course of our work, we have solely depended on the advice given by the respective management of the PRC Target Company and the Company. We are unable to accept any responsibility for the reliability of the advice.

Also, we are not contracted to conduct a detailed geological study or pre-feasibility study or feasibility study, thus, the report is not a detailed evaluation of the feasibility of developing a logistic centre in a steel factory. In the course of our work, we have solely depended on the Profit Forecast and advice given by the respective management of the PRC Target Company and the Company. We are unable to accept any responsibility for the reliability of the advice.

Information furnished by others, upon which all or portions of our report are based, is believed to be reliable but has not been verified in all cases. Our procedures to evaluate or work do not constitute an audit, review, or compilation of the information provided. Thus, no warranty is made nor liability assumed for the accuracy of any data, advice, opinions, or estimates identified as being furnished by others which have been used in formulating our report.

When we adopted the work products from other professions, external service/data providers and/or the respective management of the PRC Target Company and the Company in our evaluation, the assumptions and caveats adopted by them in arriving at their opinions also applied in our evaluation. The procedures we have taken do not require us to examine all the evidences, like an auditor, in reaching at our opinion. As we have not performed an audit, we are not expressing an audit opinion in our evaluation.

We are unable to accept any responsibility for the information that has not been supplied to us by the respective management of the PRC Target Company and the Company. We have sought and received confirmation from the respective management of the PRC Target Company and the Company that no material factors have been omitted from the information supplied. The report is based upon the assumption of full disclosure between the PRC Target Company and the Company and us of material and latent facts that may affect the evaluation. No responsibility is assumed for withheld information (if any).

Unless otherwise stated, the base currency of our report is Renminbi Yuan ("RMB").

LIMITING CONDITIONS OF THIS SUMMARY REPORT

This report is provided strictly for the sole use of the Company. Neither the whole nor any part of this report or any reference made hereto may be included in any published documents, circular or statement, or published in any way, without our written approval of the form and context in which it may appear. However, we consent to the publication of this summary report in this circular for the Company's shareholders' reference.

Our findings and opinion in this report are valid only for the stated purpose and only for the Relevant Date and only of the sole use of the named company. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and we accept no responsibility whatsoever to any other person. Should any other parties interested in the Zhanjiang Projects, they shall conduct their own due diligence work and shall not rely on this report.

No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or change of government policy or financial condition or other conditions, which occur subsequent to the date hereof.

Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of our services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our report except to the extent that any such loses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

CONCLUSION

Based on the investigation, analysis, reasoning and data outlined as above, and on the method employed, it is our opinion that as at the Relevant Date, the financial net present value of the Zhanjiang Projects as part of a going concern business of the PRC Target Company for a term of 8 years, if successful (before taking into consideration any transaction costs), was reasonably stated by the amount of RENMINBI ONE HUNDRED AND TEN MILLION YUAN ONLY (RMB 110,000,000).

STATEMENTS

Our conclusion is based on generally accepted evaluation procedures and practices that rely extensively on assumptions and considerations, not all of which can be easily quantified or ascertained exactly. While we have exercised our professional judgement in arriving at the evaluation, the readers are urged to consider carefully the nature of such assumptions which are disclosed in our report and should exercise caution in interpreting our report.

Our evaluation is prepared in line with the guidelines as contained in the IVS. The evaluation has been undertaken by valuers, acting as external valuers, qualified for the purpose of the evaluation.

We retain a copy of our report and the detailed evaluation report together with the data from which it was prepared, and these data and documents will, according to the Laws of Hong Kong, keep for a period of 6 years from the date of our report and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Company's authorisation and prior arrangement made with us. Moreover, we will add the Company's information into our client list for our future reference.

We hereby certify that the fee for this service is not contingent upon our conclusion.

Yours faithfully,
For and on behalf of
LCH (Asia-Pacific) Surveyors Limited

Ho Chin Choi, Joseph *BSc PgD MSc RPS(GP)(PFM)*
Managing Director

Contributing Valuers:
Elsa Ng Hung Mui *BSc MSc RPS(GP)*
Jonas Lam King Yin *BASc*

Mr. Joseph Ho Chin Choi has been conducting asset valuations and/or advisory work in Hong Kong, Macau, Taiwan, mainland China, the Philippines, Vietnam, Malaysia, Singapore, Thailand, Bangladesh, Japan, Australia, Kazakhstan, Madagascar, Scotland, Finland, Germany, Poland, Brazil, Argentina, Guyana, Canada and the United States of America for various purposes since 1988. He obtained the Examination Certificate of the Uniform Standards of Professional Appraisal Practice issued by the American Society of Appraisers in 1996. He has extensive experience in the valuation of various types of assets and power plants, toll road, health products and foodstuffs, coking coal plant, agricultural property assets, financial services, luxurious consumer goods, pharmaceutical and biotechnology, electronic consumer products manufactory, semiconductors, mineral resources, telecommunication, media and information technology related businesses for the listed companies in Hong Kong, Taiwan, mainland China, Singapore, Malaysia, Canada, the United Kingdom and the United States of America. He is a Member of the Hong Kong Institute of Surveyors and a Chartered Valuation Surveyor of The Royal Institution of Chartered Surveyors. At present, he is a valuer on the List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the Hong Kong Institute of Surveyors, and a Registered Business Valuer registered with the Hong Kong Business Valuation Forum. He is also a Member of The Hong Kong Institute of Value Management, a Full Member of the Association for Project Management, an Incorporate Member of The Chartered Institute of Building, a professional member of The Canadian Institute of Mining, Metallurgy and Petroleum, a member of the Society for Mining, Metallurgy and Exploration and a Professional Member of the International Society of Arboriculture.

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

28 February 2011

The Board of Directors
Sino-Tech International Holdings Limited
32/F., Entertainment Building
30 Queen's Road Central
Hong Kong

Dear Sirs,

We have examined the accounting policies adopted and calculations of the underlying profit forecast (the "Underlying Forecast") to the valuation dated 28 February 2011 prepared by LCH (Asia-Pacific) Surveyors Limited (the "Valuer") in respect of the valuation on the Zhanjiang Projects (as defined in the circular of the Company dated 28 February 2011 (the "Circular")) in connection with the proposed acquisition of the entire interest in CITIC Logistics Company Limited (the "PRC Target Company") by Sino-Tech International Holdings Limited (the "Company") as set out in Appendix I to the Circular.

RESPONSIBILITIES

The directors of the Company and the PRC Target Company (the "Directors") are solely responsible for the preparation of the Underlying Forecast including the assumptions, for the purpose of the valuation of the Zhanjiang Projects based on discounted cash flow method. The Underlying Forecast has been prepared using a set of assumptions (the "Assumptions") that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Even if the events anticipated occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. The Directors are responsible for the reasonableness and validity of the assumptions.

It is our responsibility to form an opinion, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 14.62 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and for no other purpose. We have not reviewed, considered or conducted any work on the reasonableness and the validity of the assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

SUMMARY OF OUR WORK

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. We examined the consistency of accounting policies adopted and the arithmetical accuracy of the Underlying Forecast. Our work has been undertaken solely to assist the Directors in evaluating whether the Underlying Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of the PRC Target Company.

OPINION

In our opinion, so far as the accounting policies and calculations are concerned, the Underlying Forecast has been properly compiled in accordance with the Assumptions made by the Directors as set out in Appendix I to the Circular and is presented on a basis consistent in all material aspects with the accounting policies currently adopted by the Company.

Yours faithfully,

SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong

The following is the text of a letter, prepared for inclusion in this circular, received by the Board from Asian Capital (Corporate Finance) Limited in connection with the projection underlying the Evaluation Report.

ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED
卓亞(企業融資)有限公司

The Board of Directors
Sino-Tech International Holdings Limited
32/F Entertainment Building
30 Queen's Road Central
Hong Kong

28 February 2011

Dear Sirs,

We refer to the Evaluation Report dated 28 February 2011 prepared by LCH (Asia-Pacific) Surveyors Limited (the "**Valuer**") in relation to the appraisal of the market value of the Zhanjiang Projects (the "**Valuation**"). Terms used in this letter have the same meanings as defined in the circular of Sino-Tech International Holdings Limited dated 28 February 2011 (the "**Circular**"), of which this letter forms part, unless the context requires otherwise.

As stated in the Evaluation Report, the Valuation has been arrived at and based on the discounted cash flows method, which takes into account the cashflow projection of the Zhanjiang Projects from 2011 to 2018 (the "**Projection**"). As such, the Projection is regarded as profit forecast under Rule 14.61 of the Listing Rules.

We have reviewed the Projection upon which the Valuation has been made, and have discussed with you and the Valuer the information and documents provided by you, which formed part of the bases and assumptions upon which the Projection have been made. We have also considered, and relied upon, the letter addressed to the Board from SHINEWING (HK) CPA Limited as set out in Appendix II to the Circular regarding the accounting policies and calculations for the Projection.

On the basis of the foregoing and in the absence of unforeseeable circumstances, we are satisfied that the Projection for which you as the Directors are solely responsible, have been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
Asian Capital (Corporate Finance) Limited
Larry Chan
Executive Director

The details of the Retiring Directors proposed to be re-elected at the SGM are set out below:

Mr. Li Weimin

Mr. Li Weimin, ("**Mr. Li**") aged 42, was appointed as an executive Director on 24 December 2009 and the Chief Executive Officer of the Company on 26 August 2010.

Mr. Li holds a master degree in business administration from The Open University of Hong Kong. He has over 18 years of experience in the logistics industry and worked for Xuchang Automobile Sales Company Limited*（許昌汽車銷售總公司）from 1992 to 1998 as a general manager. He is a director of CITIC Logistics Company Limited*（中信物流有限公司）. Mr. Li is currently the sole director of CITIC Logistics (International) Company Limited, a wholly owned subsidiary of the Company, and the director of certain subsidiaries of the Company.

Save as disclosed above, Mr. Li did not hold any other positions with the Company or any of its subsidiaries nor any directorship in any listed company during the past three years. He has no relationship with any directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Li is interested in 6,477,407,250 Shares, consisting of (i) an interest in 1,620,000,000 existing Shares beneficially owned and held in his own name; (ii) a derivative interest in 4,620,000,000 conversion shares to be allotted and issued upon full conversion of the convertible notes issued to him by the Company in the principal amount of HK$554,400,000; and (iii) an interest in 237,407,250 Consideration Shares to be allotted and issued pursuant to and subject to the terms of the 90% Acquisition Agreement. Save as disclosed above, as at the Latest Practicable Date Mr. Li does not have, and is not deemed to have any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Mr. Li entered into a service agreement with the Company for an initial term of three years commencing from 24 December 2009, which will continue thereafter until terminated by either party by giving not less than three months' notice in writing to the other party, and his term of office is subject to retirement by rotation and re-election in accordance with the Bye-Laws and the Listing Rules. Under the service agreement, Mr. Li is entitled to a director's fee of HK$600,000 per annum and a remuneration of HK$2,600,000 per annum for his position as chief executive officer of the Company with effect from 26 August 2010, which was determined by reference to his duties and responsibilities within the Group, the prevailing market rate and the Company's remuneration policy. Mr. Li is also entitled to discretionary bonus and to participate in the Company's share option scheme at the sole discretion of the Board.

Mr. Wang Jianzhi

Mr. Wang Jianzhi, ("**Mr. Wang**") aged 61, was appointed as an executive Director on 24 December 2009.

Mr. Wang holds a bachelor degree in corporate management from Beijing Union University. He has over 35 years of experience in automotive and components industry and was a director of CITIC Logistics Company Limited（中信物流有限公司）. Mr. Wang has been a director of CITIC Group*（中國中信集團公司）since 2006. Mr. Wang is also the chairman of CITIC Automobile Company Limited*（中信汽車公司）.

Save as disclosed above, Mr. Wang did not hold any other positions with the Company or any of its subsidiaries nor any directorship in any listed company during the past three years. He has no relationship with any directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Wang does not have, and is not deemed to have any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

There is no service contract entered into between the Company and Mr. Wang. Mr. Wang is not appointed for a specific term but his directorship is subject to retirement by rotation and re-election in accordance with the Bye-Laws and the Listing Rules. He is entitled to a director's fee of HK$600,000 per annum which was determined by the Board with reference to his duties and responsibilities with the Company.

Mr. Huang Hanshui

Mr. Huang Hanshui, ("**Mr. Huang**"), aged 40, was appointed as an executive Director on 9 March 2010. He holds an MBA degree from the National University of Singapore. Mr. Huang has some ten years of experience in equity research and corporate finance. He worked as an equity analyst in Nomura Securities and Standard & Poor's. He is currently the chief financial officer of CITIC Logistics (International) Company Limited, a wholly owned subsidiary of the Company, and the director of certain subsidiaries of the Company.

Save as disclosed above, Mr. Huang did not hold any other positions with the Company or any of its subsidiaries nor any directorship in any listed company during the past three years. He has no relationship with any directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Huang holds 86,827,895 share options to subscribe for up to 86,827,895 Shares, representing 0.9% of the issued share capital of the Company. Save as disclosed above, Mr. Huang does not have, and is not deemed to have any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Mr. Huang entered into a service agreement with the Company for an initial term of three years commencing from 9 March 2010, which will continue thereafter until terminated by either party by giving not less than three months' notice in writing to the other party, and his term of office is subject to retirement by rotation and re-election in accordance with the Bye-Laws and the Listing Rules. Under the service agreement, Mr. Huang is entitled to a director's fee of HK$600,000 per annum and a remuneration of HK$1,200,000 per annum for his position as chief financial officer of CITIC Logistics (International) Company Limited which was determined by reference to his duties and responsibilities within the Group, the prevailing market rate and the Company's remuneration policy. Mr. Huang is also entitled to discretionary bonus and to participate in the Company's share option scheme at the sole discretion of the Board.

Academician Liu Renhuai

Academician Liu Renhuai ("**Academician Liu**"), aged 70, was appointed as a non-executive Director, the chairman of the Board (the "**Chairman**") and a member of the Audit Committee on 26 August 2010.

Academician Liu graduated from Lanzhou University in 1963. He has over 40 years' working experience in education and research. He was the author of 7 academic books, the chief editor of 4 books, the author of more than 300 articles and the mentor of 36 persons for doctorate degree and 115 persons for master degree. Academician Liu was elected as Academician of the Division of Mechanical and Vehicle Technology of Chinese Academy of Engineering in 1999 and Academician of the Division of Engineering Management of Chinese Academy of Engineering in 2000. He was the President of Jinan University from 1995 to 2006. Academician Liu is currently a Professor and a board member of Jinan University, Director of Institute of Applied Mechanics, and Director of Research Center of Strategic Management of Jinan University; Director of Public Safety Research Centre; Director of the Division of Management Science to the Committee on Science and Technology, and Director of Guiding Committee on Education of Mechanics of Ministry of Education; Chairman of Chinese Vibration Engineering Society, Vice Chairman of Chinese Mechanics Society and Vice Chairman of Chinese Composite Material Society.

Save as disclosed above, Academician Liu did not hold any other positions with the Company or any of its subsidiaries nor any directorship in any listed company during the past three years. He has no relationship with any directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Academician Liu does not have, and is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Academician Liu accepted an appointment letter from the Company for a fixed term of three years commencing from 26 August 2010, which will continue thereafter until terminated by either party by giving not less than one month notice in writing to the other party, and his term of office is subject to retirement by rotation and re-election in accordance with the Bye-Laws and the Listing Rules. He is entitled to a director's fee of HK$300,000 per annum which was determined by the Board with reference to his duties and responsibilities with the Company.

Mr. Xin Luo Lin

Mr. Xin Luo Lin ("**Mr. Xin**"), aged 61, was appointed as a non-executive Director and a member of the Audit Committee on 26 August 2010.

Mr. Xin is a postgraduate from the Beijing University in the PRC. He was a visiting scholar at the Waseda University, Japan between 1980 and 1983, an honorary research associate at the University of British Columbia, Canada during 1983 and 1984 and a visiting fellow at the Australia National University, Australia in 1985. He is an independent investor with over 20 years of experience in investment banking in the PRC, Hong Kong and Australia. He is a Justice of the Peace in New South Wales of Australia. Mr. Xin is currently an independent non-executive director of Enerchina Holdings Limited (Stock Code: 622), an independent non-executive director of Sinolink Worldwide Holdings Limited (Stock Code: 1168), an independent non-executive director of Central China Real Estate Limited (Stock Code: 832), and a non-executive director and honorary chairman of Asian Capital Holdings Limited (Stock Code: 8295), all of which companies are listed on the Stock Exchange. He also serves as a director of Mori Denki Mfg. Co., Ltd., a company listed on the Tokyo Stock Exchange, and as a director and vice chairman of Oriental Technologies Investment Limited, a company listed on the Australian Stock Exchange.

Save as disclosed above, Mr. Xin did not hold any other positions with the Company or any of its subsidiaries nor any directorship in any listed company during the past three years. He has no relationship with any directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Xin does not have, and is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Mr. Xin accepted an appointment letter from the Company for a fixed term of three years commencing from 26 August 2010, which will continue thereafter until terminated by either party by giving not less than one month notice in writing to the other party, and his term of office is subject to retirement by rotation and re-election in accordance with the Bye-Laws and the Listing Rules. He is entitled to a director's fee of HK$150,000 per annum which was determined by the Board with reference to his duties and responsibilities with the Company.

Ms. Liu Yanfang

Ms. Liu Yanfang ("**Ms. Liu**"), aged 46, was appointed as an independent non-executive Director, a member of the Audit Committee and the Remuneration Committee, respectively, on 24 June 2010.

Ms. Liu holds a bachelor degree in law from China University of Political Science and Law. She has over 20 years of experience working as a corporate legal counsel and in financial crimes investigations. Ms. Liu is currently a PRC practice attorney and she has been a senior partner with Allbright Law Offices situated in Shanghai since 2004. From 1992 to 2003, Ms. Liu served various positions with the Ministry of Public Security including as director of the securities crime investigation department and as deputy director of the finance department under the economic protection bureau. From 1987 to 1992, she worked as an attorney for a law firm in Hebei province.

Save as disclosed above, Ms. Liu did not hold any other positions with the Company or any of its subsidiaries nor any directorship in any listed company during the past three years. She has no relationship with any directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Ms. Liu does not have, and is not deemed to have any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

There is no service contract entered into between the Company and Ms. Liu. Ms. Liu is not appointed for a specific term but her directorship is subject to retirement by rotation and re-election in accordance with the Bye-Laws and the Listing Rules. She is entitled to a director's fee of HK$90,000 per annum which was determined by the Board with reference to her duties and responsibilities with the Company.

Professor Ma Hongwei

Professor Ma Hongwei ("**Professor Ma**"), aged 44, was appointed as an independent non-executive Director, a member of the Audit Committee and the Remuneration Committee, respectively, on 26 August 2010.

Professor Ma graduated from the Department of Mechanics Engineering of Chengdu Science and Technology University in 1986. He obtained a doctorate degree from the Institute of Applied Mechanics of Taiyuan University of Technology in 1996. Professor Ma has over 20 years' experience in education and research. He is currently a Professor of Jinan University, the President of the College of Science and Engineering, Deputy Director of Public Safety Research Centre, Vice President of the Institute of Nuclear Science and Engineering Technology of Jinan University; and the Chief Secretary of Guiding Committee on Education of Mechanics of Ministry of Education.

Save as disclosed above, Professor Ma did not hold any other positions with the Company or any of its subsidiaries nor any directorship in any listed company during the past three years. He has no relationship with any directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Professor Ma does not have, and is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Professor Ma accepted an appointment letter from the Company for a fixed term of three years commencing from 26 August 2010, which will continue thereafter until terminated by either party by giving not less than one month notice in writing to the other party, and his term of office is subject to retirement by rotation and re-election in accordance with the Bye-Laws and the Listing Rules. He is entitled to a director's fee of HK$90,000 per annum which was determined by the Board with reference to his duties and responsibilities with the Company.

Save as disclosed above, the Board is not aware of any other matters that are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules or any other matters in relation to the re-election of each of Mr. Li Weimin, Mr. Wang Jianzhi, Mr. Huang Hanshui, Academician Liu Renhuai, Mr. Xin Luo Lin, Ms. Liu Yanfang and Professor Ma Hongwei that need to be brought to the attention of the Shareholders.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following the issue of 909,409,482 Consideration Shares will be as follows (assuming no further Shares are issued or repurchased by the Company after the Latest Practicable Date up to the date of issue of 909,409,482 Consideration Shares (other than the new Shares to be issued upon the conversion or exercise of Existing Convertible Instruments)):

		Number of Shares	*HK$*
Authorised:			
As at the Latest Practicable Date		30,000,000,000	300,000,000.00
Issued and fully paid or to be issued as fully paid or credited to be fully paid:			
(a)	As at the Latest Practicable Date	9,582,789,500	95,827,895.00
(b)	Consideration Shares to be allotted and issued after Completion at an issue price of HK$0.283 per share	909,409,482	9,094,094.82
		10,492,198,982	104,921,989.82

3. DISCLOSURE OF INTERESTS

Interests of Directors and chief executive of the Company

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provision of SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code:

Long position in Shares and underlying Shares

Name of Director	Capacity	Number of Shares/underlying Shares held	Approximate percentage of the issued share capital of the Company
Mr. Li Weimin *(Note 1)*	Beneficial owner	6,477,407,250	67.59%
Mr. Lam Yat Keung *(Note 2)*	Interest of family	612,400,000	6.39%
Mr. Huang Hanshui *(Note3)*	Beneficial owner	86,827,895	0.91%

Notes:

1. Mr. Li Weimin is interested in 6,477,407,250 Shares, consisting of (i) an interest in 1,620,000,000 existing Shares beneficially owned and held in his own name; (ii) a derivative interest in 4,620,000,000 conversion shares to be allotted and issued upon full conversion of the convertible notes issued to him by the Company in the principal amount of HK$554,400,000; and (iii) an interest in 237,407,250 Consideration Shares to be allotted and issued pursuant to and subject to the terms of the 90% Acquisition Agreement.

2. Mr. Lam Yat Keung is deemed to be interested in 612,400,000 Shares owned by Smart Number Investments Limited ("**Smart Number**"), a company incorporated in the BVI. The entire issued share capital of Smart Number is beneficially owned as to 66.67% by Ms. Lam Pik Wah (the spouse of Mr. Lam Yat Keung) and as to 33.33% by Mr. Lam Hung Kit.

3. Mr. Huang Hanshui has a derivative interest in 86,827,895 Shares pursuant to share options granted to him on 6 December 2010.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or any of their respective associates had an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Enlarged Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any members of the Enlarged Group which does not expire or is not determinable by the relevant member of the Enlarged Group within 1 year without payment of compensations, other than statutory compensation.

6. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date,

a) none of the Directors had any direct or indirect interest in any asset which has been, since 31 December 2009, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of, by or leased to any member of the Enlarged Group or are proposed to be acquired or disposed of, by or leased to any member of the Enlarged Group; and

b) save for (i) the interests of Mr. Li Weimin as the First Vendor in the 90% Acquisition Agreement and the transactions contemplated thereunder and (ii) the directorship of Mr. Wang Jianzhi in the Third Vendor, none of the Directors was materially interested, directly and indirectly, in any contract or arrangement entered into by any member of the Enlarged Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Enlarged Group.

7. DIRECTORS' INTEREST IN THE CONNECTED TRANSACTIONS

The Board confirms that Mr. Wang Jianzhi is an executive Director and a director of the Third Vendor, and Mr. Li Weimin is an executive Director and the First Vendor and have a material interest in the Acquisition Agreements and the transactions contemplated thereunder, so both of them have abstained from voting on the board resolutions approving the Acquisition Agreements and the transactions contemplated thereunder.

Save as disclosed above, none of the other Directors have any material interest in the Acquisition Agreements and the transactions contemplated thereunder, and therefore none of the other Directors were required to abstain from voting on the board resolutions approving the Acquisition Agreements and the transactions contemplated thereunder.

8. MATERIAL ADVERSE CHANGE

As announced by the Company on 4 January 2011, the Board expected to record a loss for the year ended 31 December 2010, mainly due to the amortisation of intangible assets and the imputed interest cost of convertible notes and the impairment loss (if any) mentioned above rise as a result of accounting treatment under the provisions of applicable accounting standards and are of non-cash nature. It was also announced that on the operating level, segment profit for the electronic products for the year ended 31 December 2010 is expected to be lower as compared to that for the year ended 31 December 2009 due to, among other things, margin squeeze from the increased in material cost, production cost and labour cost. In terms of profit contribution to segment results, logistics services is expected to incur a marginal loss as shipments for the Angola Project were temporarily interrupted during the year ended 31 December 2010.

Moreover, shipments for the Angola Project were temporarily interrupted by the Angola Arbitration between the PRC Target Company and the former handling agent for the Angola Project over the termination of the agency agreement made between the PRC Target Company and Haitong. Based on the information that the Group obtained from the PRC Target Company, the date of rendering the arbitral award for the Angola Arbitration has been extended to 29 March 2011. The Group intends to resume the shipping services after the arbitral award for the Angola Arbitration has been rendered, regardless of the outcome of such arbitral award.

Save for the abovementioned, up to and including the Latest Practicable Date, the Directors confirm that there is no material adverse change in the financial or trading position of the Group since 31 December 2009, being the date to which the latest published audited financial statements of the Group were made up.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice contained in this circular.

Name	Qualification
Asian Capital (Corporate Finance) Limited	A licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities for the purposes of the SFO
Commerce and Finance Law Offices	PRC legal adviser
KBC Bank N.V. Hong Kong Branch	A licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and a registered institution registered for Type 6 (advising on corporate finance) regulated activities under the SFO
LCH (Asia-Pacific) Surveyors Limited	Professional Surveyor
SHINEWING (HK) CPA Limited	Certified Public Accountants

The letters and reports from each of the above experts are given as of the date of this circular for incorporation in this circular.

As at the Latest Practicable Date, none of the above experts had any direct or indirect shareholding in any member of the Enlarged Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group or any interests, directly or indirectly, in any assets which have been, since 31 December 2009, being the date to which the latest published audited accounts of the Company were made up, acquired, disposed of or leased to any member of the Enlarged Group, or were proposed to be acquired, disposed of or leased to any member of the Enlarged Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its reports, letters and/or opinions, as the case may be, and references to its name in the form and context in which it appears.

10. MISCELLANEOUS

The English text of this circular will prevail over the Chinese text in the case of any inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at 32nd Floor, Entertainment Building, 30 Queen's Road, Central, Hong Kong during the normal business hours from the date of this circular up to and including the date of the SGM:

(a) the Tangshan Formal Agreements;

(b) the Zhanjiang Formal Agreements;

(c) the Strategic Cooperation Agreement;

(d) the Original Acquisition Agreements;

(e) the 90% Acquisition Agreement; and

(f) the 10% Acquisition Agreement.

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 724)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of the shareholders of Sino-Tech International Holdings Limited (the "**Company**") will be held at 32/F Entertainment Building, 30 Queen's Road Central, Hong Kong on Friday, 25 March 2011 at 11:00 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) the sale and purchase agreement dated 11 February 2011 (the "**90% Acquisition Agreement**", a copy of which has been produced to the meeting marked "A" and signed by the chairman of the SGM for the purpose of identification) entered into between Mr. Li Weimin as the first vendor (the "**First Vendor**"), Pioneer Blaze Limited as the second vendor (the "**Second Vendor**"), Mr. Lim Chuan Yang as the guarantor to the Second Vendor (the "**Guarantor**") and CITIC Logistics (International) Company Limited, a wholly-owned subsidiary of the Company, as purchaser (the "**Purchaser**") in relation to the sale and purchase of (i) 30% of the equity interest or registered capital in or of 中信物流有限公司 (CITIC Logistics Company Limited*) (the "**PRC Target Company**") from the First Vendor and 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 of the 90% Acquisition Agreement (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 (ii) one share of US$1.00 in the issued share capital of Sino Summit Investments Limited (the "**BVI Target Company**"), representing its entire issued share capital from the Second Vendor, the underlying asset of which is 60% of the equity interest or registered capital in or of the PRC Target Company, and the outstanding loan owed by New Wealth Logistics Limited, a direct wholly-owned subsidiary of the BVI Target Company, to the Guarantor as at the completion date of the 90% Acquisition Agreement for a total consideration of HK$210,393,289 (subject to adjustment) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

* *For identification purpose only*

(b) the allotment and issue of a maximum of 237,407,250 and 506,031,932 new shares of HK$0.01 each in capital of the Company (the "**Consideration Share(s)**") credited as fully paid at an issue price of HK$0.283 per Consideration Share to the First Vendor and Second Vendor respectively being the payment for consideration under the 90% Acquisition Agreement be and is hereby approved; and

(c) any one director of the Company (the "**Director**"), or if the common seal of the Company is required, any two Directors, be and are hereby authorised for and on behalf of the Company to sign, seal, execute, perfect, deliver all such documents, deeds, instruments and agreements, and to do all such acts, matters and things and to take such steps as they may in their absolute discretion consider necessary or desirable or expedient for the purpose of or in relation to implementing, completing and giving effect to the 90% Acquisition Agreement and the transactions contemplated thereunder including but not limited to the issue and allotment of an aggregate of 743,439,182 Consideration Shares and to agree to such variations of a non-material nature in or to the terms of the 90% Acquisition Agreement as they may in their absolute discretion consider to be necessary or desirable and in the interests of the Company."

2. "**THAT**:

(a) the sale and purchase agreement dated 11 February 2011 (the "**10% Acquisition Agreement**", a copy of which has been produced to the meeting marked "B" and signed by the chairman of the SGM for the purpose of identification) entered into between 中信汽車公司 (CITIC Automobile Company Limited*) as the third vendor (the "**Third Vendor**") and the Purchaser as purchaser in relation to the sale and purchase of remaining 10% of the equity interest or registered capital in or of the PRC Target Company 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 of the 10% Acquisition Agreement (after setting off the amount owed by the Third Vendor, its associates, and/or company(ies) controlled by it to the PRC Target Company) from the Third Vendor for a total consideration of HK$46,969,595 (subject to adjustment) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the allotment and issue of a maximum of 165,970,300 Consideration Shares credited as fully paid at an issue price of HK$0.283 per Consideration Share to the Third Vendor being the payment for consideration under the 10% Acquisition Agreement be and is hereby approved; and

(c) any one Director, or if the common seal of the Company is required, any two Directors, be and are hereby authorised for and on behalf of the Company to sign, seal, execute, perfect, deliver all such documents, deeds, instruments and agreements, and to do all such acts, matters and things and to take such steps as they may in their absolute discretion consider necessary or desirable or expedient for the purpose of or in relation to implementing, completing and giving effect to the 10% Acquisition Agreement and the transactions contemplated thereunder including but not limited to the issue and allotment of 165,970,300 Consideration Shares and to agree to such variations of a non-material nature in or to the terms of the 10% Acquisition Agreement as they may in their absolute discretion consider to be necessary or desirable and in the interests of the Company."

3. "**THAT** the re-election of Mr. Li Weimin as an executive Director from 4 June 2010 be and is hereby approved, confirmed and ratified, and that the board of Directors be authorized to fix his remuneration."

4. "**THAT** the re-election of Mr. Wang Jianzhi as an executive Director from 4 June 2010 be and is hereby approved, confirmed and ratified, and that the board of Directors be authorized to fix his remuneration."

5. "**THAT** the re-election of Mr. Huang Hanshui as an executive Director from 4 June 2010 be and is hereby approved, confirmed and ratified, and that the board of Directors be authorized to fix his remuneration."

6. "**THAT** Academician Liu Renhuai be re-elected as a non-executive Director and the board of Directors be authorized to fix his remuneration."

7. "**THAT** Mr. Xin Luo Lin be re-elected as a non-executive Director and the board of Directors be authorized to fix his remuneration."

8. "**THAT** Ms. Liu Yanfang be re-elected as an independent non-executive Director and the board of Directors be authorized to fix her remuneration."

9. "**THAT** Professor Ma Hongwei be re-elected as an independent non-executive Director and the board of Directors be authorized to fix his remuneration."

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

* *For identification purpose only*

Hong Kong, 28 February 2011

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
32/F Entertainment Building
30 Queen's Road Central
Hong Kong

Note:

1. A member of the Company entitled to attend and vote at the SGM is entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the SGM. A proxy need not be a member of the Company.

2. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon.

3. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be delivered to the Company's branch registrar, Tricor Tengis Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the SGM or any adjournment thereof.

4. Delivery of an instrument appointing a proxy shall not preclude you from attending and voting in person at the SGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. The form of proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

6. Where there are joint holders of any shares of the Company any one of such joint holder may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such holders be present at the SGM the vote of the senior who tenders a vote, whether in personal or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this notice, the board of the Company 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.