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SINO-TECH INTERNATIONAL HOLDINGS LIMITED

泰豐國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 724)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION OF 90% EQUITY INTEREST IN CITIC LOGISTICS COMPANY LIMITED*

On 21 September 2010, the Vendors, the Guarantor and the Purchaser entered into the MOU in respect of the Possible Acquisition.

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

BACKGROUND

Reference is made to the announcement of the Company dated 7 May 2010 in relation to the discussion in respect of the potential acquisition of 90% equity interest in CITIC Logistics Beijing. After trading hours on 21 September 2010, the Purchaser, a wholly-owned subsidiary of the Company entered into the MOU with the Vendors and the Guarantor in relation to the Possible Acquisition.

MEMORANDUM OF UNDERSTANDING

Date: 21 September 2010 (after trading hours)

Parties:

- (1) Mr. Li Wei Min as the First Vendor;
- (2) Pioneer Blaze Limited as the Second Vendor;
- (3) Mr. Lim Chuan Yang as the Guarantor; and
- (4) CITIC Logistics (International) Company Limited as the Purchaser;

* For identification purpose only

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

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Second Vendor and its ultimate beneficial owners (including the Guarantor) are third parties independent of the Company and its connected persons.

The Possible Acquisition

The First Vendor wishes to sell to the Purchaser, and the Purchaser wishes to purchase from the First Vendor the Sale Equity Interest; and the Second Vendor wishes to sell to the Purchaser, and the Purchaser wishes to purchase from the Second Vendor the Sale Share. After the purchase of the Sale Equity Interest and the Sale Share from the Vendors by the Purchaser, the Purchaser will be interested in 90% equity interest in the PRC Target Company. As soon as practicable after the signing of the MOU and up to the end of the Exclusivity Period, the parties to the MOU will negotiate in good faith the detailed terms of the S&P Agreement containing comprehensive representations, warranties, indemnities and other provisions applicable to the sale and purchase of the Sale Equity Interest, the Sale Share, the PRC Target Group, the BVI Target Group, the Tangshan Projects and the Zhanjiang Project.

Signing of the S&P Agreement is subject to, among other things, (i) each of the Tangshan Formal Agreements having been entered into between the PRC Target Company and the Tangshan Headquarters (or its representative company); and (ii) the Zhanjiang Formal Agreements having been entered into between the PRC Target Company and Guangdong Steel Company.

Due diligence

The Vendors has agreed and procured that after the signing of the MOU, the Purchaser and its advisors and consultants will be given full access to the books, records, properties and assets of the PRC Target Group, the BVI Target Group, the Tangshan Projects and the Zhanjiang Project as soon as practicable after signing of the MOU for the purpose of conducting the due diligence review thereon.

Exclusivity

The Vendors jointly and severally undertake and represent that except with the consents of the Purchaser, at any time during the Exclusivity Period, there will not be any:

- (i) sale, mortgage, grant of option or other disposition of or encumbrance, or agreement to sell, mortgage, grant option over or otherwise dispose of or encumber, in respect of the whole or any part of the business, assets, interest or shares of any member of the PRC Target Group, the BVI Target Group or any of the Tangshan Projects or the Zhanjiang Project by any person other than the Purchaser; or
- (ii) discussions or negotiations with any person other than the Purchaser in relation to the sale, mortgage or other disposition of, or grant of an option or other encumbrance in respect of, the whole or any part of the business, assets, interest or shares of any member of the PRC Target Group, the BVI Target Group or any of the Tangshan Projects or the Zhanjiang Project.

As at the date of this announcement, no definitive terms have been agreed and no legally binding agreement has been entered into between the Purchaser and the Vendors for the Possible Acquisition. Save for the provisions relating to the Exclusivity Period, the terms of the MOU are not legally binding on the parties thereto.

INFORMATION ON THE PRC TARGET COMPANY

As at the date of this announcement, the PRC Target Company owns 52% equity interest in Fritz and 40% equity interest in Lingxin. The PRC Target Group is principally engaged in the provision of logistics and related services including chemical logistics, engineering logistics, freight forwarding and logistics project management.

The PRC Target Company has entered into the two Framework Agreements with Tangshan Headquarters for the building and construction of each of the Tangshan Projects, which include (i) 唐山灣三島旅遊專用道路項目 (Tangshan Bay Three Island Tourism Zone Road Construction Project*); and (ii) 唐山灣跨海大橋工程 (Tangshan Bay Bridge Construction Project*). Pursuant to each of the Framework Agreements, the parties thereto have commenced negotiation on the terms of the Tangshan Formal Agreements for each of the Tangshan Projects.

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

REASONS FOR AND BENEFITS OF THE MOU

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 Possible Acquisition (if materialise) will further strengthen the logistics services business of the Group by providing an established platform to participate in large-scale industrial and infrastructure projects in the PRC. The entering of the MOU provides the Company with the Exclusivity Period of 3 months to consider the Possible Acquisition.

GENERAL

Should the Possible Acquisition proceed, it may constitute a notifiable transaction under Chapter 14 of the Listing Rules. As the First Vendor is a connected person to the Company by virtue of his directorship and substantial shareholding in the Company, the Possible Acquisition may also constitute a connected transaction under Chapter 14A of the Listing Rules.

Further announcement will be made by the Company where appropriate in accordance with the requirements of the Listing Rules.

The Possible Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“BVI Target Company”	Sino Summit Investments Limited, a company incorporated in the BVI with limited liability
“BVI Target Group”	the BVI Target Company and its subsidiaries
“Company”	Sino-Tech International Holdings Limited, a company incorporated in Bermuda with limited liability and the securities of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules

“Director(s)”	the director(s) of the Company
“Exclusivity Period”	the exclusivity period from the date of the MOU until 3 months thereafter or such other date as the parties to the MOU may agree
“First Vendor”	Mr. Li Wei Min, an executive Director and a substantial shareholder of the Company who owns 30% equity interest in the PRC Target Company
“Framework Agreements”	the two framework agreements both dated 4 August 2010 entered into between Tangshan Headquarters and the PRC Target Company for the building and construction of each of the Tangshan Projects
“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 company incorporated in the PRC with limited liability
“Guarantor”	Mr. Lim Chuan Yang, the sole beneficial owner of the entire share capital of the Second Vendor
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“MOU”	the memorandum of understanding dated 21 September 2010 entered into among the Vendors, the Guarantor and the Purchaser in relation to the Possible Acquisition

“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Taiwan and Macau Special Administrative Region
“PRC Target Company” or “CITIC Logistics Beijing”	中信物流有限公司(CITIC Logistics Company Limited*), a company incorporated in the PRC with limited liability
“PRC Target Group”	the PRC Target Company, Fritz and Lingxin
“Possible Acquisition”	the possible acquisition of the Sale Equity Interest and Sale Share from the First Vendor and the Second Vendor respectively by the Purchaser under the MOU
“Purchaser”	CITIC Logistics (International) Company Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“Sale Equity Interest”	30% equity interest in the PRC Target Company
“Sale Share”	1 ordinary share of US\$1.00 each in the issued share capital of the BVI Target Company, representing its entire issued capital
“Second Vendor”	Pioneer Blaze Limited, a company incorporated in the BVI with limited liability which is wholly-owned by the Guarantor and indirectly owns 60% equity interest in the PRC Target Company
“Share(s)”	existing ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“S&P Agreement”	the agreement in respect of the Possible Acquisition to be entered into between the Vendors and the Purchaser in such form and structure to be agreed between the Vendors and the Purchaser

“Tangshan Formal Agreements”	the formal agreements to be entered into between the PRC Target Company and the Tangshan Headquarters (or its representative company) with respect to each of the Tangshan Projects
“Tangshan Headquarters”	唐山灣三島旅遊區開發建設指揮部辦公室 (The Development and Construction Headquarters for the Three Island Tourism Area of Tangshan Bay*)
“Tangshan Projects”	the projects in relation to the building and construction of (i) 唐山灣三島旅遊專用道路項目 (Tangshan Bay Three Island Tourism Zone Road Construction Project*); and (ii) 唐山灣跨海大橋工程 (Tangshan Bay Bridge Construction Project*)
“Vendors”	the First Vendor and the Second Vendor
“Zhanjiang Formal Agreements”	the formal agreements to be entered into between the PRC Target Company and Guangdong Steel Company with respect to the Zhanjiang Project
“Zhanjiang Project”	湛江鋼鐵廠內BOO (建設－擁有－運營) 項目原料運輸板塊及特種罐車運輸板塊 (Zhanjiang Steel Project-BOO (Build – Own – Operate) Projects within the Steel Factory: Raw Materials Transportation Segment and Specialised Tanker Transportation Segment*)
“%”	per cent.
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America

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

Hong Kong, 21 September 2010

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