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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)**

### **PROPOSED VOLUNTARY WINDING-UP OF A SUBSIDIARY**

The Group has decided to voluntarily wind up CLI and proposed to nominate Mr. Yeung Lui Ming (Edmund) and Mr. Ho Kwok Leung, Glen, all of 35th Floor, One Pacific Place, 88 Queensway, Hong Kong, as joint and several liquidators in connection with the proposed Winding-Up.

**At the request of the Company, trading in the shares of the Company was suspended with effect from 9:00 a.m. on 14 March 2012, and it will remain suspended pending the release of further announcement(s) by the Company.**

### **PROPOSED VOLUNTARY WINDING-UP OF CLI**

The Board wishes to inform the Shareholders and potential investors of the Company that on 7 December 2012, the Board, having considered the operations, prospects and issues surrounding the CLI Group, resolved that CLI should be wound up. Accordingly, on 10 December 2012, the board of directors of CLI resolved to recommend that Top Victory (the sole shareholder of CLI) should voluntarily wind up CLI and nominate Mr. Yeung Lui Ming (Edmund) and Mr. Ho Kwok Leung, Glen, all of 35th Floor, One Pacific Place, 88 Queensway, Hong Kong, as joint and several liquidators in connection with the proposed Winding-Up.

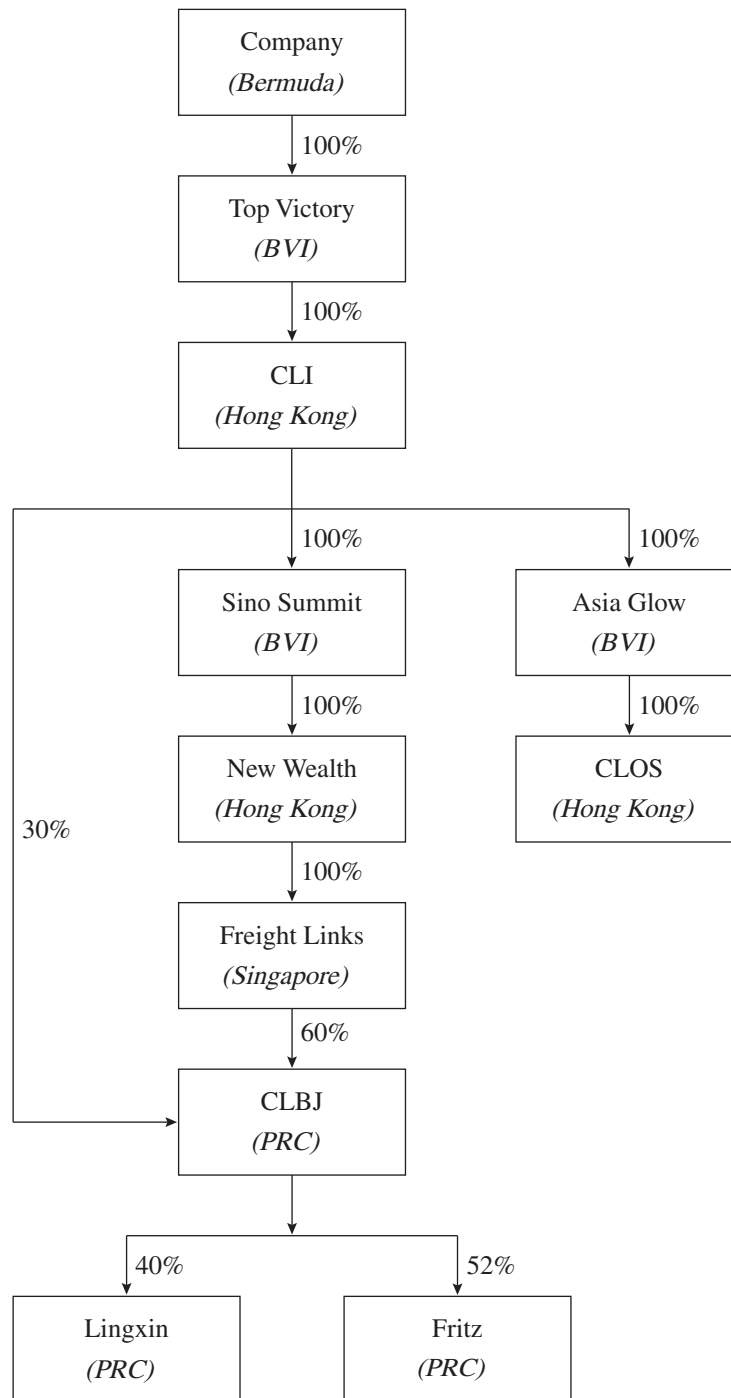
## **INFORMATION ABOUT CLI GROUP**

CLI is a company incorporated in Hong Kong with limited liability and it is principally engaged in the provision of logistics services. The Company through Top Victory owns the entire issued share capital of CLI, which in turn directly and indirectly holds 90% equity interest in CLBJ. CLBJ is a company incorporated in the PRC with limited liability and it is principally engaged in the provision of logistics services. CLBJ owns 52% and 40% equity interest in Fritz and Lingxin respectively, both companies are incorporated in the PRC and are mainly engaged in the provision of logistics services.

CLI and CLBJ are the two principal operating subsidiaries of the Company for the logistics services segment of the Group. Asia Glow is an investment holding company and CLOS is dormant. As at the date of this announcement, both Asia Glow and CLOS have no material assets. Sino Summit, New Wealth and Freight Links are investment holdings companies and have not carried out any business activities.

As the value of the consolidated total assets and revenue of CLI for the year ended 31 December 2011 represented more than 5% of the Company's total assets and revenue as shown in the audited consolidated financial statements of the Company for the year ended 31 December 2011, being the latest published audited consolidated financial statements of the Company, CLI is considered to be a "major subsidiary" of the Company under Rule 13.25 (2) of the Listing Rules.

Set out below is the organisation chart of CLI Group before the commencement of the proposed Winding-Up.



## **REASONS FOR THE PROPOSED VOLUNTARY WINDING-UP OF CLI**

The Company was originally engaged in the manufacture and trading of electronic and electrical parts and components. Following two acquisitions, i.e. the acquisitions of the entire issued share capital of CLI and 90% equity interest in CLBJ, in November 2009 and November 2011 respectively, the Group started to engage in the business of logistics services.

CLI's business operations mainly include the provision of logistics services for the Angola Project and the HK Project. As set out in the Company's interim report for the six months ended 30 June 2012, due to the Angola Arbitration, the shipping services provided by CLI to the Angola Project have been suspended. As of the date of this announcement, the shipping services for the Angola Project have not been resumed, and the relevant agreement for the Angola Project will expire in April 2013. The business relating to the HK Project has been loss making due to, among others, low gross profit or loss and the continuing increases in the costs, and the relevant contracts for the HK Project will end on 31 March 2014. CLI has been loss making for the two years ended 31 December 2011 and the six months ended 30 June 2012, and the Board is of the view that the principal reasons for such poor performance could be attributable to the suspension of the Angola Project and the low gross profit or loss of the HK Project.

CLBJ, as a 90%-owned subsidiary of CLI, mainly conducts its business activities in the PRC and has a head office in Beijing and two branch offices respectively in Ningbo and Huizhou. CLBJ has also been loss making for the three years ended 31 December 2011 and the six months ended 30 June 2012.

As announced by the Company on 3 August 2012, CITIC Auto filed the CITIC Auto Lawsuit with the Beijing Court in August 2012 against CLBJ in relation to the repayment of shareholder loans and relevant interest in the amount of approximately RMB39.8 million plus other interest and expenses. In this connection, trade receivables in the amount of US\$3.3 million and RMB3.1 million due from CITIC Contracting to CLI and CLBJ respectively, together with a CLBJ's bank account having an amount of RMB744,000, have been frozen by the Beijing Court. CLI made an application to the Beijing Court to object the freeze of the trade receivables in the amount of US\$3.3 million owed by CITIC Contracting to CLI, but the Beijing Court dismissed the objection at the hearing held on 15 November 2012. The latest court hearing relating to the CITIC Auto Lawsuit was held on 7 December 2012. As at the date of this announcement, the Group has not received any court judgment in relation to the CITIC Auto Lawsuit.

As set out in the Company's announcement dated 25 April 2012, Mr. Li, the former executive Director and chairman of the Company, was under the Investigation by the relevant PRC authorities. The CITIC Auto loans were made to CLBJ by CITIC Auto before CLBJ became a subsidiary of the Company, during the time when Mr. Li was still the chief executive officer, a shareholder and a director of CLBJ. The Recorded CITIC Auto Loan of approximately RMB23.3 million differs from, and is smaller than the amount being claimed under the CITIC Auto Claim. The Company is unable to clarify with Mr. Li regarding the discrepancies between the CITIC Auto Claim and the Recorded CITIC Auto Loan.

Mr. Li was the sole owner of CLI and a shareholder of CLBJ before CLI and CLBJ were sold to the Company in November 2009 and November 2011 respectively. Mr. Li has always been the key management personnel of CLI and CLBJ. Due to the Investigation, the CITIC Auto Lawsuit and liquidity issues, business activities in the Beijing head office of CLBJ have been affected and the situation has not improved although businesses of its branch offices in other places in the PRC are still under operation.

In September 2010, CLBJ entered into two logistics services contracts with 廣東鋼鐵集團有限公司 (Guangdong Steel Group Company Limited\*) in relation to the provision of logistics services for the Zhanjiang Steel Base Project. As announced by the Company on 3 August 2012, CITIC Auto, which owns 10% equity interest in CLBJ, required that CLBJ and Fritz cease to use the logo and the name of "CITIC" or "中信". Based on the latest communication with the Bao Steel Project Company, the Company understands that the cessation of using the name of "CITIC" or "中信" by CLBJ may affect the continuation of the Zhanjiang Projects. As set out in the Company's interim report for the six months ended 30 June 2012, on 22 August 2012, CLBJ received a notice from the Bao Steel Project Company informing CLBJ that the construction of the Zhanjiang Steel Base had formally commenced on 31 May 2012. According to the latest plan received by CLBJ, it was estimated that CLBJ would require a total amount of approximately RMB466 million for its investment in the Zhanjiang Projects. However, as at the date of this announcement, neither CLBJ nor the Group had sufficient funds to invest in the Zhanjiang Projects. As advised by the PRC lawyer of the Group, there is a risk that CLBJ may have already breached the terms of relevant contracts, and the counter party to the contracts can and may take legal action against CLBJ for losses and damages.

CLBJ also owns 52% and 40% equity interest in Fritz and Lingxin respectively, both companies are principally engaged in the provision of logistics services in the PRC. Fritz started to make a loss for the year ended 31 December 2011, whilst Lingxin has only been able to make small contributions to CLBJ as investment income for the three years ended 31 December 2011.

Based on the unaudited accounts of CLI, as at 31 October 2012, CLI had a net asset value of approximately HK\$31 million. CLI's major non-current assets are 90% equity interest in CLBJ with a net book value of approximately HK\$52 million and vehicles for the logistics services with a net book value of approximately HK\$30 million. CLI's current assets are mainly trade receivables and loans advanced to its subsidiaries and subsidiaries of the Company.

Given the adverse trading and financial situations faced by the CLI Group as set out above, the Board is of the view that it is in the interests of the Company and the Shareholders to voluntarily wind up CLI. The Winding-Up will help ensure that the Company can be insulated from the consequences of any legal actions and claims against the CLI Group. After commencement of the Winding-Up, the Retained Group will no longer conduct logistics services business and will deploy its resources to focus on the electronic products segment, and the Board will identify other opportunities to turn the Group around financially.

## **EFFECTS OF THE WINDING-UP ON THE GROUP**

The resolution for the voluntary winding-up of CLI under Section 241 of the Companies Ordinance is scheduled to be passed by Top Victory as the sole shareholder of CLI on 27 December 2012. A notice of a creditors' meeting is scheduled to be sent to all known creditors of CLI on 14 December 2012 and a creditors' meeting will be held on 27 December 2012. After the proposed Winding-Up is passed by the sole shareholder on 27 December 2012, the winding-up process of CLI will commence.

Upon the commencement of the Winding-Up, CLI will cease to be a subsidiary of the Company and the financial results and position of the CLI Group will be deconsolidated from that of the Group.

For illustration purpose only, based on the unaudited accounts of the Group as at 30 June 2012, the Board estimates that the deconsolidation of the CLI Group may result in a reduction of the Group's net asset value by approximately HK\$75 million. In addition, the Retained Group may need to make a provision for the receivables from the CLI Group estimated at approximately HK\$159 million as a result of the Winding-Up. The Company and its remaining subsidiaries will be the biggest creditors of CLI and may be able to recover by way of dividends from the realisation of the assets of the CLI Group. The proceeds, if any, from the realisation and/or disposal of the assets and/or businesses of CLI Group will be distributed to all creditors of CLI proportionally in due course after deducting all the preferential payments and relevant costs relating to the Winding-Up. At this stage, the Company is unable to ascertain the extent of recovery from the Winding-Up.

Further announcement(s) will be made by the Company as and when appropriate if there is any material progress regarding the Winding-Up.

## CONTINUATION OF THE SUSPENSION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares was suspended with effect from 9:00 a.m. on 14 March 2012.

As set out in the Company's announcement dated 30 November 2012, the Board is in the process of engaging an independent auditor to review the internal control procedures of the Group. After completion of the internal control review of the Group and the commencement of the Winding-Up, the Company will seek to apply for the resumption of the trading in the Shares. Further announcement(s) will be made by the Company as and when appropriate.

### DEFINITIONS

“Angola Arbitration”	an arbitration filed by the former handling agent of CLBJ with China Maritime Arbitration Commission against CLBJ in relation to the Angola Project
“Angola Project”	the provision of shipping services by CLI to transport construction materials for a government project in Angola, Africa
“Asia Glow”	Asia Glow Limited, a company incorporated in the BVI with limited liability and the immediate holding company of CLOS
“Bao Steel Project Company”	寶鋼湛江鋼鐵有限公司 (Bao Steel Zhanjiang Steel Company Limited*), a company incorporated in the PRC and the project company for the Zhanjiang Steel Base Project
“Beijing Court”	the People's Court of Chaoyang District of Beijing
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CITIC Auto”	中信汽車公司 (CITIC Automobile Company Limited*), an enterprise established in the PRC and a subsidiary of CITIC Group, which owns 10% equity interest in CLBJ as at the date of this announcement

“CITIC Auto Claim”	the claim for the repayment of shareholder loans and relevant interest in the amount of approximately RMB39.8 million plus other interest and expenses in relation to the CITIC Auto Lawsuit
“CITIC Auto Lawsuit”	the lawsuit filed by CITIC Auto in the Beijing Court against CLBJ in relation to the repayment of the CITIC Auto Claim, details of which are set out in the Company’s announcement dated 3 August 2012 and the circular dated 22 October 2012
“CITIC Contracting”	中信國華國際工程承包有限責任公司 (CITIC International Contracting Inc.*), a company incorporated in the PRC and a subsidiary of CITIC Group
“CLBJ”	中信物流有限公司 (CITIC Logistics Company Limited*), a company incorporated in the PRC with limited liability, which is owned as to 90% by CLI and 10% by CITIC Auto as at the date of this announcement
“CLI”	CITIC Logistics (International) Company Limited, a company incorporated in Hong Kong with limited liability
“CLI Group”	CLI, Asia Glow, CLOS, Sino Summit, New Wealth, Freight Links, CLBJ, Fritz and Lingxin
“CLOS”	CITIC Logistics Ocean Shipping Limited, a company incorporated in Hong Kong with limited liability
“Company”	Sino-Tech International Holdings Limited, a company incorporated in the Bermuda with limited liability, shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 724)
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended from time to time
“Directors”	the directors of the Company
“Freight Links”	Freight Links Capital Pte. Limited, a company incorporated in Singapore with limited liability and the immediate holding company of CLBJ



“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 CLBJ as at the date of this announcement
“Group”	the Company and its subsidiaries
“HK Project”	the provision of logistics services on transportation of commercial fuel and light petroleum gas for an energy and petrochemicals company in Hong Kong by CLI
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Investigation”	the investigation by relevant authorities in the PRC into certain transactions conducted by Mr. Li in April 2009 prior to his becoming a Shareholder and Director, details of which are set out in the Company’s announcement dated 25 April 2012
“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 CLBJ as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Weimin, a substantial Shareholder, a former executive Director and chairman of the Company
“New Wealth”	New Wealth Logistics Limited, a company incorporated in Hong Kong with limited liability and the immediate holding company of Freight Links

“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Recorded CITIC Auto Loan”	the shareholder loans owed by CLBJ to CITIC Auto in the principal amount of approximately RMB23.3 million recorded by CLBJ in its accounts
“Retained Group”	the Group excluding CLI Group upon commencement of the Winding-Up
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Sino Summit”	Sino Summit Investments Limited, a company incorporated in the BVI with limited liability and the immediate holding company of New Wealth
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top Victory”	Top Victory Industries Limited, a company incorporated in the BVI with limited liability, a direct wholly-owned subsidiary of the Company and the immediate holding company of CLI before the commencement of the Winding-Up
“US\$”	United States dollars, the lawful currency of the United States of America
“Zhanjiang Projects”	the projects in relation to the provision of raw materials transportation, specialised tanker transportation and related services for the Zhanjiang Steel Base Project
“Zhanjiang Steel Base Project”	the project in relation to the construction of a steel production base at Donghai Island, Zhanjiang, Guangdong Province, the PRC, by the Bao Steel Project Company

“Winding-Up”

the creditors’ voluntary winding up of CLI pursuant to Section 241 of the Companies Ordinance

“%”

per cent.

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

Hong Kong, 12 December 2012

*As at the date of this announcement, the Board comprises Mr. Lam Yat Keung (President), Mr. Lim Chuan Yang, Mr. Huang Hanshui and Mr. Lam Hung Kit as executive Directors; and Mr. Ho Chi Fai, Ms. Liu Yanfang, Professor Ma Hongwei, Mr. Chau Pong Chi and Ms. Ching Betty Siu Kuen as independent non-executive Directors.*

\* *For identification purpose only*