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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in SINOTRONICS HOLDINGS LIMITED, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**SINOTRONICS HOLDINGS LIMITED**

**華翔微電子控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1195)**

**DISCLOSEABLE TRANSACTION  
ACQUISITION OF FURTHER EQUITY INTEREST IN  
FUJIAN FUQIANG DELICATE CIRCUIT PLATE CO., LTD.**

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\* For identification purpose only

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings, unless the context otherwise requires:*

“Acquisition”	the acquisition by the Purchaser from the Vendor of a 5% equity interest in Fujian Fuqiang pursuant to the Acquisition Agreement
“Acquisition Agreement”	the equity transfer agreement (in Chinese) entered into between the Vendor and the Purchaser dated 28 December 2006 in connection with the Acquisition
“Announcement”	the announcement of the Company dated 2 January 2007 which sets out the details of, inter alia, the Acquisition Agreement.
“Board”	the board of Directors
“Company”	Sinotronics Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	the consideration of RMB15,000,000 for the Acquisition under the Acquisition Agreement
“Director(s)”	the director(s) of the Company
“Fujian Fuqiang”	福建福強精密印製線路板有限公司 (Fujian Fuqiang Delicate Circuit Plate Co., Ltd.), a sino-foreign joint venture established in the PRC on 20 March 1996, which is owned as to 95% by the Purchaser and as to 5% by the Vendor as at the date of the Announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	22 January 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PCBs”	printed circuit boards
“PRC”	the People’s Republic of China
“Purchaser”	Superfold Holding Limited, a company incorporated in the British Virgin Islands on 5 January 2000 with limited liability and is wholly owned by the Company
“RMB”	Renminbi, the lawful currency of PRC
“SFO”	the Securities and Futures Ordinance (Cap 571, the Laws of Hong Kong)
“Shares”	share(s) of HK\$0.1 each in the capital of the Company

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## DEFINITIONS

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“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	福建福日電子股份有限公司 (Fujian Furi Electronics Co., Ltd.), a joint stock company established in the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

*In this circular, RMB has been converted to HK\$ at the rate of RMB1.0056 = HK\$1 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.*



**SINOTRONICS HOLDINGS LIMITED**

**華翔微電子控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1195)**

*Executive Directors:*

Mr. Liu Zhao Cai (*Chairman*)  
Mr. Xiang Song (*Chief Executive Officer*)  
Mr. Lin Wan Qaing  
Mr. Hu Zhao Rui  
Mr. Tong Yiu On

*Independent non-executive Directors:*

Mr. Pan Chang Chi  
Mr. Cai Xun Shan  
Mr. Cheung Chuen

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Head office and principal place of  
business in Hong Kong*

Room 1805, 18th Floor  
Harbour Centre  
25 Harbour Road  
Wanchai  
Hong Kong

24 January 2007

*To the Shareholders*

Dear Sirs or Madam,

**ACQUISITION OF FURTHER EQUITY INTEREST IN  
FUJIAN FUQIANG DELICATE CIRCUIT PLATE CO., LTD.**

**INTRODUCTION**

Reference is made to the Announcement. This circular provides the Shareholders with more detailed information, amongst other things, on the Acquisition.

**THE ACQUISITION AGREEMENT**

**Date and parties to the Acquisition:**

Date: 28 December 2006

\* For identification purpose only

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## LETTER FROM THE BOARD

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Vendor: Fujian Furi Electronics Co., Ltd., the principal business of which is the manufacture and sale of televisions, computers and computer accessories, telecommunication products and electronic components. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for the Vendor's 5% equity interest in Fujian Fuqiang, each of the Vendor and its beneficial owners is a third party/are third parties independent of the Group and connected persons (as defined in the Listing Rules) of the Group.

Purchaser: Superford Holding Limited, a wholly-owned subsidiary of the Company

### **The Acquisition:**

The Purchaser agreed to acquire and the Vendor agreed to transfer a 5% equity interest in Fujian Fuqiang such that the Purchaser's equity interest in Fujian Fuqiang will be increased from 95% to 100%.

### **Consideration:**

The Consideration for the Acquisition is RMB15,000,000 (equivalent to approximately HK\$14,916,468), which will be payable in cash by the Purchaser to the Vendor by instalments as follows:

- (i) RMB10,000,000 shall be paid before 31 December 2006;
- (ii) RMB2,000,000 shall be paid before 30 June 2007; and
- (iii) RMB3,000,000 shall be paid before 30 December 2007.

The first instalment of RMB10,000,000 has been paid by the Purchaser to the Vendor on 29 December 2006.

The Consideration was arrived at after arm's length negotiation and is on normal commercial terms. The Consideration was determined by the parties having regard to the registered capital and net asset value of Fujian Fuqiang in the amount of RMB92,000,000 and RMB627,864,000 respectively as at 30 June 2006. The Consideration has been and will be financed by the Company's internal resources.

Pursuant to the terms of the Acquisition Agreement, the Purchaser shall be responsible for completing the relevant PRC procedures, including the filing of the change in the shareholding of Fujian Fuqiang with the competent PRC government authorities, and the Vendor shall assist accordingly.

### **INFORMATION ON FUJIAN FUQIANG**

The sole business of Fujian Fuqiang is the manufacturing and trading of PCBs. Fujian Fuqiang was incorporated in the PRC on 20 March 1996 with registered capital of RMB92,000,000. The audited accounts of Fujian Fuqiang are prepared using the same accounting standard of the Company. Based on the audited accounts of 2005, Fujian Fuqiang reported a profit before and after taxation of approximately RMB137,009,000 and RMB118,734,000 respectively for the year ended 30 June 2005 and had a net asset value of approximately RMB516,968,000 as at 30 June 2005. Based on the audited accounts of 2006, Fujian Fuqiang reported a profit before and after taxation of approximately RMB150,587,000 and RMB128,417,000 respectively for the year ended 30 June 2006 and had a net assets value of approximately RMB627,864,000 as at 30 June 2006.

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## LETTER FROM THE BOARD

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### REASON AND BENEFIT OF THE ACQUISITION

Following the Acquisition, Fujian Fuqiang will become an indirect wholly-owned subsidiary of the Company. The Board is of the view that the Acquisition is a good opportunity to further consolidate its control over, and increase its share of the benefits derived from, Fujian Fuqiang. The Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition Agreement including the Consideration are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

### FINANCIAL EFFECT OF THE ACQUISITION

Following the Acquisition, the Company's equity interest in Fujian Fuqiang will be increased from 95% to 100% and Fujian Fuqiang will become an indirect wholly-owned subsidiary of the Company. Fujian Fuqiang will continue to be accounted for as a subsidiary in the Company's consolidated financial statements. As the results of Fujian Fuqiang have been consolidated into and fully reflected on the Group's consolidated accounts, the asset and liability of the Group immediately before and after the Acquisition will remain the same. The Group's entitlement of the net earnings/loss of Fujian Fuqiang after the Acquisition shall, on consolidation basis, be increased from 95% to 100%.

### GENERAL

The Group is principally engaged in the manufacturing and sales of PCBs and PCBs assembling products and provision for surface mount technology processing service.

The Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

Your attention is drawn to the general information set out in the appendix to this circular.

Yours faithfully,  
For and on behalf of  
**SINOTRONICS HOLDINGS LIMITED**  
**Liu Zhao Cai**  
*Chairman*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests and short positions of the Directors and the chief executive of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or equity derivatives and debentures of the Company or any 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 they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of listed companies as set out in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

#### (i) Long positions in the Shares:

Name of Director	Nature of interests	Type of Interests	Number of Shares held	Approximate percentage of total shareholding (%)
Lin Wan Qaing	Beneficial owner	Personal	282,283,780	51.03

#### (ii) Long positions in the underlying Shares of equity derivatives (share option scheme (note 1)):

Name of Director	Company/name of associated corporation	Capacity	Number and class of securities	Approximate percentage of total shareholding (%)
Liu Zhao Cai	The Company	Beneficial owner	1,500,000 Shares	0.27
Xiang Song	The Company	Beneficial owner	1,500,000 Shares	0.27
Hu Zhao Rui	The Company	Beneficial owner	1,000,000 Shares	0.18



Name of Director	Company/name of associated corporation	Capacity	Number and class of securities	Approximate percentage of total shareholding (%)
Tong Yiu On	The Company	Beneficial owner	1,500,000 Shares	0.27

*Note:*

- (1) The share option scheme was adopted by the Company on 9 January 2003 and is exercisable during the period up to 8 January 2013.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest in any securities of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are 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 they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of listed companies as set out in the Listing Rules to be notified to the Company and the Stock Exchange.

**(b) Persons who have an interest or short positions which is discloseable under Divisions 2 and 3 or Part XV of the SFO**

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, persons (other than Directors or chief executive of the Company as disclosed herein) who had interests or short positions in the Shares or underlying shares of the Company or any options in relation thereto which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group were as follows:

Name of Shareholder	Nature of interest	Company/ name of associated company	Number of Shares held (Note 1)	Approximate shareholding percentage (%)
Atlantis Investment Management Ltd	Investment manager	The Company	40,000,000(L)	7.23

*Note:*

- (1) The letter "L" denotes a person's long position in such securities.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than Directors or the chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company or

any options in relation thereto which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

### 3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors (as defined in the Listing Rules) and their respective associates had any interests in a business, which competed or might compete with the business of the Group.

### 4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or was proposing to enter into a service contract with any member of the Group (excluding contracts expiring or determinable within one year without payment of compensation (other than statutory compensation)).

### 5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and, so far as the Directors are aware, no litigation or claim of material importance was pending or threatened by or against any member of the Group.

### 6. MISCELLANEOUS

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The head office and principal place of business of the Company is at Room 1805, 18th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.
- (b) The company secretary and the qualified accountant of the Company is Mr. Tong Yiu On who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (c) The principal share registrar and transfer office of the Company is Butterfield Fund Services (Cayman) Ltd. whose address is Butterfield House, 68 Fort Street, P.O. Box 705, George Town, Grand Cayman, Cayman Islands.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Hong Kong Registrars Limited of Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.