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SINO-TECH INTERNATIONAL HOLDINGS LIMITED

泰豐國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 724)

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF PROPERTY

On 24 September 2012, the Vendor and the Purchaser entered into the Provisional Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Property, at the Consideration of HK\$285,000,000.

As one or more of the applicable percentage ratios in respect of the Disposal exceed 25% but are less than 75%, the Disposal under the Provisional Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Therefore, the Disposal is subject to reporting, announcement and Shareholders' approval requirements under the Listing Rules. A circular containing, among others, details of the Disposal and further information of the Group will be despatched to the Shareholders pursuant to the requirements of the Listing Rules.

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.

* For identification purpose only

THE PROVISIONAL AGREEMENT

The Board announces that on 24 September 2012, the Vendor and the Purchaser entered into the Provisional Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Property, at the Consideration of HK\$285,000,000.

The principal terms of the Provisional Agreement are as follows:

Date

24 September 2012

Parties

Vendor: China LWM Property Limited, a wholly-owned subsidiary of the Company

Purchaser: Ever Mark Limited

Property agent: Centaline Property Agency Limited

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

Information of the Property

The Property, a 3-storey house, is a residential property located at House No. 8, Severn 8, No. 8 Severn Road, The Peak, Hong Kong with a gross area of approximately 4,650 square feet. The Property was acquired by the Group in 2010 for investment purposes. Severn 8 is a prestigious private residential development comprising 22 garden townhouses with ancillary clubhouse, landscaped garden and recreational facilities. As at the date of this announcement, the Vendor is the sole owner of the Property.

Consideration and payment terms

Pursuant to the Provisional Agreement, the total consideration for the Disposal is HK\$285,000,000 and shall be payable by the Purchaser to the Vendor in the following manners:

- (i) an initial deposit in the sum of HK\$5,000,000 has been paid upon signing the Provisional Agreement;
- (ii) a further deposit in the sum of HK\$23,500,000 shall be paid within 7 days after the approval by the Shareholders at the SGM; and

(iii) the remaining balance of HK\$256,500,000 shall be paid upon Completion date (i.e. 8 April 2013) or such other date as agreed by both parties in writing.

The amount set out in (i) and (ii) above shall be paid by the Purchaser to the Vendor's solicitors as stakeholders who may release the same to the Vendor provided that the resolution in relation to the Disposal is approved by the Shareholders at the SGM and the balance of the purchase price is sufficient to discharge the existing legal charge/mortgage (if any).

In the event that the resolution of approving the Provisional Agreement fails to be passed by the Shareholders at the SGM, the Provisional Agreement will become void provided that the Vendor shall have to refund without interest the initial deposit of HK\$5,000,000 as set out in item (i) under paragraph headed "Consideration and payment terms" above and compensate the Purchaser an additional amount of HK\$5,000,000 within 7 days after the SGM.

The sale and purchase of the Property is jointly arranged by Brothers Property Consultants ("Brothers Property") and Centaline Property Agency Limited ("Centaline Property"), both of which are property agents. The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to: (i) the valuation of the Property performed by an independent qualified professional property valuer; (ii) the recent transaction prices of properties of similar nature located in the vicinity of the Property as provided by property agents; and (iii) the current Hong Kong property market sentiment. The Directors (including independent non-executive Directors) consider that the Consideration is fair and reasonable.

Commissions

Pursuant to terms of the Provisional Agreement and an exclusive agent agreement entered into between the Vendor and Brothers Property, the Vendor shall pay HK\$2,850,000 as commission to Brothers Property no later than 8 April 2013 or upon Completion. Separately, the Vendor shall pay HK\$2,850,000 as agent commission to Centaline Property through Brothers Property.

Once the Purchaser and the Vendor have signed the Provisional Agreement, and the resolution to approve the Provisional Agreement is passed by the Shareholders at the SGM, if either the Vendor or the Purchaser fails to complete the Provisional Agreement in the manner contained in the Provisional Agreement, save and except due to title defect, the defaulting party shall compensate at once Centaline Property HK\$5,700,000 as liquidated damages.

Once the Purchaser and the Vendor have signed the Provisional Agreement, but the resolution to approve the Provisional Agreement is not passed by the Shareholders at the SGM, both the Vendor and the Purchaser shall not compensate Centaline Property.

Both Brothers Property and Centaline Property are third parties independent of the Company and its connected persons.

Conditions precedent of the Provisional Agreement

Pursuant to terms of the Provisional Agreement, the Provisional Agreement shall be subject to the passing of the resolution by the Shareholders at the SGM approving the Provisional Agreement within 45 days from the date of the Provisional Agreement.

Completion

Pursuant to the Provisional Agreement, a formal agreement for the sale and purchase of the Property shall be signed within 21 days after the Provisional Agreement is approved by the Shareholders at the SGM. As set out in item (iii) under paragraph headed “Consideration and payment terms” above, the balance of HK\$256,500,000 shall be paid upon completion on 8 April 2013 or such other date agreed by both parties in writing. The Property shall be sold to the Purchaser on an “as is” basis. Upon Completion, the Vendor shall deliver vacant possession of the Property to the Purchaser.

REASONS FOR THE DISPOSAL

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and trading of electronic and electrical parts and components, providing shipping and transportation logistics services, and properties investments.

As announced by the Company on 15 March 2010, the Company acquired the Property at a consideration of HK\$280,000,000 in 2010 for investment purposes. As set out in the 2012 Interim Results Announcement, the carrying value of the Property was HK\$315 million as at 30 June 2012. The Property has been pledged to a bank to secure bank borrowings of the Group. As at 15 September 2012, the total amount of bank borrowings secured by the Property were approximately HK\$146 million. Since the acquisition of the Property, no income has been generated from the Property.

As set out in the 2012 Interim Results Announcement, the continuation of the Zhanjiang Projects will give rise to funding needs of the Group. At the same time, the Group is currently facing adversities such as the adverse perception on the image of the Group due to the Investigation, the cessation of using the name and logo of “CITIC”, and the CITIC Auto Lawsuit. In the event that this disposal cannot be accomplished in the near future, the Group may face cash flow constraints affecting segments of the Group’s businesses.

Having considered above factors, the Directors believe that the Disposal represents a good opportunity for the Company to realise the Property at a reasonable price and that the proceeds from the Disposal will improve the financial position of the Group. The Directors also consider that the transaction under the Provisional Agreement is on normal commercial terms, fair and reasonable and the entering into the Provisional Agreement is in the best interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Since the acquisition of the Property, no income has been generated from the Property. As set out in the 2012 Interim Results Announcement, based on the valuation report prepared by an independent professional valuer, the carrying value of the Property was HK\$315 million as at 30 June 2012. For illustration purpose only, it is estimated that the Company will recognise a loss of approximately HK\$36,000,000 from the Disposal netting off related commissions and the relevant legal fees.

USE OF PROCEEDS

The net proceeds from the sale of the Property will be approximately HK\$279 million, among which (i) approximately HK\$146 million will be used to repay the existing bank borrowings secured by the Property; and (ii) approximately HK\$133 million will be used as general working capital of the Group.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the Disposal exceed 25% but are less than 75%, the Disposal under the Provisional Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Therefore, the Disposal is subject to reporting, announcement and Shareholders' approval requirements under the Listing Rules. A circular containing, among others, details of the Disposal and further information of the Group will be despatched to the Shareholders pursuant to the requirements of the Listing Rules.

GENERAL

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.

DEFINITIONS

“2012 Interim Results Announcement”	Company's interim results announcement dated 30 August 2012
“Board”	the board of Directors
“Company”	Sino-Tech International Holdings Limited, a company incorporated in the Bermuda with limited liability and whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 724)

“Completion”	the completion of the Disposal
“Consideration”	the total consideration of HK\$285,000,000 for the Disposal under the Provisional Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property contemplated under the Provisional Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Property”	the property situated on House No. 8, Severn 8, No. 8 Severn Road, The Peak, Hong Kong
“Provisional Agreement”	the provisional agreement for sale and purchase of the Property dated 24 September 2012 entered into between the Vendor and the Purchaser in relation to the Disposal
“Purchaser”	Ever Mark Limited, a company incorporated in Hong Kong with limited liability, an independent third party of the Company and its connected persons
“SGM”	a special general meeting of the Company to be convened and held by the Company to approve the transactions contemplated under the Provisional Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	China LWM Property Limited, a wholly-owned subsidiary of the Company
“%”	Per cent.

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

Hong Kong, 25 September 2012

As at the date of this announcement, the board of directors of the Company comprises Mr. Li Weimin (suspended), Mr. Lam Yat Keung, Mr. Lim Chuan Yang and Mr. Huang Hanshui as executive directors; and Mr. Ho Chi Fai, Ms. Liu Yanfang and Professor Ma Hongwei as independent non-executive directors.