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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)

DISCLOSEABLE AND CONNECTED TRANSACTION

On 28 September 2009, the Company and the Purchaser entered into the Agreement pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares and the Sale Loan for an aggregate consideration of HK\$15,000,000. On Completion, the Target Subsidiary will cease to become a subsidiary of the Company.

As the Purchaser is a director of the subsidiaries of the Target Group, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to reporting and announcement requirements and approval of the independent shareholders of the Company. The Disposal also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details on the Disposal, together with the letter of recommendations from the Independent Board Committee and the letter of recommendations from the independent financial advisor to the Independent Board Committee and the independent shareholders of the Company, will be despatched to the shareholders of the Company as soon as practicable.

THE AGREEMENT

On 28 September 2009, the Company and the Purchaser entered into the Agreement whereby the Company agreed to sell and the Purchaser agreed to purchase the Sale Shares and the Sale Loan. The following is a summary of certain terms and information relating to the Agreement and the transaction contemplated thereunder:–

- Assets to be disposed:**
- (i) the Sale Shares, representing the entire issued share capital of the Target Subsidiary; and
 - (ii) the Sale Loan.

* For identification purpose only

Consideration: The Consideration is HK\$15,000,000, payable in cash at Completion. As between the Sale Shares and the Sale Loan, as to HK\$12,576,911.46 of the Consideration is ascribed to the Sale Shares and the balance of the Consideration is ascribed to the Sale Loan.

Conditions precedent: Completion is conditional upon the Agreement and the transactions contemplated thereunder having been approved by the independent shareholders of the Company in accordance with the Listing Rules.

If the above condition is not satisfied on or before 31 December 2009 or such later date as the Company and the Purchaser may agree, the Agreement shall terminate whereupon none of the parties thereto shall have any claim against or liability or obligation to the other party, save in respect of any antecedent breaches.

Completion: Completion shall take place on the third (3) Business Days or such other day as agreed between the Company and the Purchaser following the fulfilment of all conditions precedent to the Agreement.

Upon Completion, the Target Subsidiary will cease to be a subsidiary of the Company.

The amount of Consideration was determined after arm's length negotiations between the Company and the Purchaser after taking into account the unaudited consolidated net asset value of the Target Group as at 30 June 2009 and the valuation amount as at 31 August 2009 as estimated by an independent valuer.

The unaudited consolidated net asset value of the Target Group as at 30 June 2009 was approximately HK\$15,648,000.

Based on the valuation report prepared by an independent valuer, the fair value of the Target Group amount to approximately HK\$14,241,000 as at 31 August 2009 which was valued using the market transaction method. The market transaction method determines the fair value of an asset by reference to the transaction prices, or 'valuation multiples' implicit in the transaction prices, of similar assets and companies in the market. The value reflects the future economic benefit which is expected to be derived from the ownership of the assets of the Target Group.

INFORMATION OF THE TARGET GROUP

The Target Group is principally engaged in the manufacturing and trading of cigarette lighters and the manufacturing of lighters parts.

Set out below is financial information of the Target Group based on its unaudited consolidated financial statements for the years ended 31 December 2007 and 31 December 2008 and for the six months period ended 30 June 2009:

	For the year ended 31 December 2007 Unaudited (HK\$)	For the year ended 31 December 2008 Unaudited (HK\$)	For the six months period ended 30 June 2009 Unaudited (HK\$)
Loss before taxation and extraordinary items	2,097,000	12,875,000	6,446,000
Loss after taxation and extraordinary items	2,548,000	12,946,000	6,446,000

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the manufacturing and sale of electronic parts and components and lighters.

As disclosed in the Company's announcement dated 23 September 2009, the Company has entered into a conditional agreement to acquire (the "Proposed Acquisition") from Mr. Li Wei Min the entire issued share capital of CITIC Logistics (International) Company Limited, which is principally engaged in logistics services by providing the whole solutions and services for supply chain management. After completion of the Proposed Acquisition and the Completion, the principal activities of the Group will be the manufacturing and sale of electronic parts and components and the provision of logistics services. The Company has no intention to dispose of its electronic parts and components business.

It is estimated that, based on the carrying value of the Company's interest in the Target Group as at 30 June 2009 comprised in the unaudited consolidated accounts of the Group for the six months ended 30 June 2009, the Group would recognise a loss on the Disposal of approximately HK\$2,664,000. Such loss is subject to changes as the carrying value of the interest in the Target Group as at the date of Completion may be different from that as at 30 June 2009.

The Group has been recording losses in its lighter products business segment since the financial year ended 31 December 2005. For the 6 months ended 30 June 2009, the Target Group operated at a loss of approximately HK\$6.4 million. In light of the performance of the lighter products business segment and the US Case, the Directors consider that the Disposal will enable the Group to better allocate resources, effort and time for the management of the Group. In view of the above, the Directors are of the view that it is in the interest of the Company and its shareholders as a whole to dispose of its lighter products business.

It is currently intended that the proceeds from the Disposal will be used as general working capital.

Based on the factors mentioned above, the Board (excluding the independent non-executive Directors whose views are to be included in the shareholders' circular to be issued by the Company as mentioned in this announcement) are of the view that the terms of the Agreement are fair and reasonable and are on normal commercial terms and that the Disposal is in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Purchaser is a director of the subsidiaries of the Target Group, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to reporting and announcement requirements and approval of the independent shareholders of the Company. The Disposal also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Purchaser and their respective associates, being the connected persons of the Company with a material interest in the Disposal will abstain from voting at the SGM.

An Independent Board Committee comprising all independent non-executive Directors have been constituted to advise the independent shareholders of the Company as to whether the terms of the Agreement are fair and reasonable so far as the independent shareholders of the Company are concerned and in the interests of the Company and its shareholders as a whole. An independent financial advisor will also be appointed by the Company to advise the Independent Board Committee as to whether the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders of the Company as a whole.

A circular containing, among other things, further details on the Disposal, together with the letter of recommendations from the Independent Board Committee and the letter of recommendations from the independent financial advisor to the Independent Board Committee and the independent shareholders of the Company, will be despatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Agreement”	the sale and purchase agreement dated 28 September 2009 between the Company and the Purchaser in respect of the sale and purchase of the Sale Shares and the Sale Loan;
“associates”	the meaning ascribed to it under the Listing Rules;
“Board”	board of Directors;
“Business Days”	a day (other than a Saturday or a Sunday) on which banks generally are open for business in Hong Kong;
“Company”	Sino-Tech International Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange;
“Completion”	completion of the Disposal;
“Consideration”	the consideration of HK\$15,000,000 for the Disposal;
“Director(s)”	director(s) of the Company;
“Disposal”	the conditional sale of the Sale Shares and the Sale Loan by the Company to the Purchaser pursuant to the Agreement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	a board committee comprising of the independent non-executive Directors have been constituted to make recommendations to the independent shareholders of the Company in respect of the Disposal;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;

“Purchaser”	Sher Tak Chi;
“Sale Shares”	16 shares of par value of US\$1.00 each in the share capital of the Target Subsidiary, representing the entire issued share capital of the Target Subsidiary;
“Sale Loan”	the interest free shareholder’s loan outstanding and owing as at Completion by the Target Subsidiary to the Company, which shall be approximately HK\$2,423,089 in principal;
“SGM”	a special general meeting to be convened by the Company to approval, amongst other things, the terms of the Agreement, the Disposal and the transactions contemplated thereby;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Group”	the Target Subsidiary and its subsidiaries;
“Target Subsidiary”	Classic Line International Limited, a company incorporated in the British Virgin Islands with limited liability;
“US Case”	an action commenced in the United States in respect of which a judgment in the amount of approximately US\$13.5 million has been obtained against one of the subsidiaries of the Target Group; and
“%”	per cent.

By Order of the Board
Sino-Tech International Holdings Limited
Lam Yat Keung
President

Hong Kong, 29 September 2009

As at the date of this announcement, the Board comprises Mr. Lam Yat Keung, Ms. Lam Pik Wah and Mr. Lam Hung Kit as executive Directors and Mr. Lo Wah Wai, Mr. Pai Te Tsun and Mr. Ho Chi Fai as independent non-executive Directors.