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The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors (the “Directors”) of Sinotronics Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



SINOTRONICS HOLDINGS LIMITED

(華 翔 電 路 控 股 有 限 公 司) *

(Incorporated in the Cayman Islands with limited liability)

**PLACING OF EXISTING SHARES AND
TOPPING UP SUBSCRIPTION OF NEW SHARES**

Placing Agent



Guotai Junan Securities (Hong Kong) Limited

Financial adviser to Sinotronics Holdings Limited

**Deloitte & Touche
Corporate Finance Ltd**

The Placing and Subscription Agreement was entered into on 25 March 2002, pursuant to which the Placing Agent has agreed to place unconditionally, on a fully underwritten basis, the Placing Shares (subject to the exercise of the Over-allocation Option) to independent third parties at HK\$1.00 per Placing Share.

Pursuant to the Placing and Subscription Agreement, Mr Lin has conditionally agreed to subscribe for the Subscription Shares (the number of which is equivalent to the Placing Shares and the Over-allocation Shares to be placed upon the exercise of the Over-allocation Option) at HK\$1.00 per Subscription Share.

Both the price per Placing Share and/or Over-allocation Share and the price per Subscription Share are identical, and represent a discount of approximately 4.76 per cent. to the closing price of HK\$1.05 per Share as quoted on the Stock Exchange on 25 March 2002 and a discount of approximately 3.94 per cent. to the average closing price of approximately HK\$1.041 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 25 March 2002.

* For identification purposes only

Completion of the Placing is unconditional. The Subscription is conditional upon completion of the Placing and the GEM Listing Committee granting the listing of and permission to deal in the Subscription Shares.

The net proceeds from the Subscription (based on 15,000,000 Subscription Shares) are estimated to be approximately HK\$14.2 million. The net proceeds from the Subscription based on 20,000,000 Subscription Shares (assuming that the Over-allocation Option is fully exercised) are estimated to be approximately HK\$19.0 million. It is the present intention of the Company to apply the net proceeds as general working capital of the Group.

On 26 March 2002, the Placing Agent successfully placed a total of 20,000,000 Placing Shares on behalf of Mr Lin to 23 placees who are independent of and not connected with any of the Directors, chief executive, substantial shareholder or management shareholder of the Company, or any of their respective associates. Pursuant to the Placing, a fellow subsidiary of the Placing Agent was placed with 2,000,000 Placing Shares. Completion of the Placing also took place on 26 March 2002.

At the request of the Company, trading in the Shares was suspended with effect from 10:00 a.m. on 26 March 2002 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 10:00 a.m. on 27 March 2002.

The Placing and Subscription Agreement dated 25 March 2002 was entered into between the Company, Mr Lin and the Placing Agent.

THE PLACING

Vendor:

Mr Lin, the substantial shareholder and initial management shareholder of the Company.

As at the date of this announcement, Mr Lin was the beneficial owner of 232,203,780 Shares, representing approximately 66.80 per cent. of the existing issued share capital of the Company. Upon completion of the Placing of the 15,000,000 Placing Shares, Mr Lin will be beneficially interested in approximately 62.48 per cent. of the issued share capital of the Company. If the Over-allocation Option is exercised in full, Mr Lin's shareholding will be reduced to approximately 61.04 per cent. of the issued share capital of the Company.

Number of Placing Shares:

Initially a total of 15,000,000 Shares (subject to the exercise of the Over-allocation Option), representing approximately 4.31 per cent. of the existing issued share capital of the Company.

Placees:

Not fewer than six independent professional, institutional and/or private investors to be procured by the Placing Agent on a fully underwritten basis.

Placing price:

HK\$1.00 per Placing Share.

This price was determined after arm's length negotiations between the Company, Mr Lin and the Placing Agent. This price represents (i) a discount of approximately 4.76 per cent. to the closing price of HK\$1.05 per Share as quoted on the Stock Exchange on 25 March 2002; and (ii) a discount of approximately 3.94 per cent. to the average closing price of approximately HK\$1.041 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 25 March 2002.

Placing Agent:

Guotai Junan Securities (Hong Kong) Limited has agreed to place unconditionally, on a fully underwritten basis, the Placing Shares to independent third parties for Mr Lin.

Independence of placees and placing agent:

The Placing Agent is, and the placees to be procured by it pursuant to the Placing are, independent of and not connected with Mr Lin. They are also independent of and not connected any of the directors, chief executive, substantial shareholders or management shareholders of the Company or any of their respective associates, and that none of the placees fall under any of the categories set out in Note 1 to Rule 10.12(4) of the GEM Listing Rules, save for a fellow subsidiary of the Placing Agent who was placed with 2,000,000 Placing Shares.

Condition of the Placing:

The Placing is unconditional.

Completion of the Placing:

On or before 27 March 2002 (or such other time as Mr Lin and the Placing Agent may otherwise agree).

OVER-ALLOCATION OPTION

Pursuant to the Placing and Subscription Agreement, Mr Lin has granted the Over-allocation Option to the Placing Agent, exercisable from the date of the Placing and Subscription Agreement up to 5:00 p.m. on 27 March 2002, pursuant to which the Placing Agent may require Mr Lin to sell up to an additional 5,000,000 Over-allocation Shares, representing approximately 1.44 per cent. of the existing issued share capital of the Company and approximately 1.36 per cent. of the issued share capital of the Company as enlarged by the Subscription Shares (inclusive of the maximum number of Over-allocation Shares), at the same price for the Placing Shares. The Over-allocation Shares will be placed in one or more transactions by the Placing Agent to the placees to be procured by it pursuant to the Placing and Subscription Agreement, who will be independent of and not connected with Mr Lin. The Placing Agent and the placees will also be independent of and not connected any of the directors, chief executive, substantial shareholders or management shareholders of the Company or any of their respective associates.

An announcement will be made if the Over-allocation Option is exercised.

THE SUBSCRIPTION

Subscriber:

Mr Lin.

Immediately following completion of the Subscription of an initial 15,000,000 Subscription Shares, Mr Lin will be beneficially interested in approximately 64.03 per cent. of the issued share capital of the Company as enlarged by the 15,000,000 Subscription Shares. If the Over-allocation Option is exercised in full, Mr Lin will be beneficially interested in approximately 63.16 per cent. of the issued share capital of the Company as enlarged by the 20,000,000 Subscription Shares.

Number of Subscription Shares:

Initially 15,000,000 Subscription Shares, representing approximately 4.31 per cent. of the existing issued share capital of the Company or approximately 4.14 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of such Subscription Shares pursuant to the Subscription.

If the Over-allocation Option is exercised in full, Mr Lin will be required to subscribe for up to an additional 5,000,000 new Shares, which together with the 15,000,000 new Shares Mr Lin is initially required to subscribe for, will represent approximately 5.75 per cent. of the existing issued share capital of the Company and approximately 5.44 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (inclusive of the maximum number of Over-allocation Shares) pursuant to the Subscription.

Subscription price:

HK\$1.00 per Subscription Share, which is the equivalent of the price per Placing Share.

Mandate to allot and issue new Shares:

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of Shareholders passed at the annual general meeting of the Company held on 31 October 2001 authorising the Directors to allot and issue up to 69,525,000 Shares, representing 20 per cent. of the issued share capital of the Company as at the date of passing of the resolution. The Company has not exercised the power to allot and issue any new Shares pursuant to such mandate prior to entering into the Placing and Subscription Agreement.

Ranking of the Subscription Shares:

The Subscription Shares, when issued and fully paid on allotment, will rank equally in all respects among themselves and with all other Shares in issue as at the date of such allotment pursuant to the Placing and Subscription Agreement.

Conditions of the Subscription:

The Subscription is conditional upon completion of the Placing pursuant to the Placing and Subscription Agreement and the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription:

Completion of the Subscription shall take place on the date of fulfillment of the above conditions provided that such date shall not be later than 8 April 2002, being the date falling 14 days after the date of the Placing and Subscription Agreement (or such later time or date as the Placing Agent, Mr Lin and the Company may agree in writing).

As the Subscription constitutes a connected transaction under Chapter 20 of the GEM Listing Rules, completion of the Subscription is required to take place within 14 days of the date of the Placing and Subscription Agreement, otherwise shareholders' approval would be required for the Subscription. If the conditions referred to above are not fulfilled by 8 April 2002 (or such later time or date as may be agreed by the Placing Agent, Mr Lin and the Company), all rights, obligations and liabilities of the parties to the Placing and Subscription Agreement in relation to the Subscription will cease and determine.

APPLICATION FOR LISTING

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange to grant the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE PLACING AND SUBSCRIPTION

The Directors consider that it is in the interests of the Company to raise further capital from the equity market by way of the Placing and the Subscription in order to enhance the capital base of the Company, thereby giving it greater flexibility in its funding and to increase the shareholders' base of the Company. In the meantime, the Directors consider that a rights issue or open offer would take a relative long time and be much more expensive to arrange compared with a placing and subscription exercise. In the interest of time, the Company requested Mr Lin, who as at the date of this announcement held sufficient shareholding for the Placing, to place the Placing Shares to the Placing Agent. As Mr Lin intends to maintain his shareholding in the capital of the Company, he will subscribe for such number of Subscription Shares which equivalent to the number of Shares to be placed by him under the Placing.

The Directors (including the independent non-executive Directors) considered that the terms of the Placing and Subscription Agreement were fair and reasonable and they were in the best interests of the Company, as far as the Shareholders are concerned.

COMPLETION OF THE PLACING

The Board is pleased to announce that the Placing Agent successfully placed a total of 20,000,000 Placing Shares on behalf of Mr Lin to 23 placees on 26 March 2002. The over-allocation of 5,000,000 Placing Shares may be covered by, among other means, purchasing Shares in the secondary market or by a combination of purchase in the secondary market and the exercise of the Over-allocation Option either in part or in full.

Pursuant to the Placing, a fellow subsidiary of the Placing Agent was placed with 2,000,000 Placing Shares, representing 10% of the total Shares placed under the Placing and approximately 0.58% of the existing share capital of the Company. Assuming that the Over-allocation option is not exercised, the 2,000,000 Placing Shares placed with the fellow subsidiary of the Placing agent will represent approximately 0.55% of the share capital of the Company as enlarged by the allotment and issue of the 15,000,000 new Shares. Assuming that the Over-allocation Option is exercised in full, the 2,000,000 Placing Shares placed with the fellow subsidiary of the Placing agent will represent approximately 0.54% of the share capital of the Company as enlarged by the allotment and issue of a total of 20,000,000 new Shares. Completion of the Placing also took place on 26 March 2002.

As a result of the Placing, Mr Lin will initially subscribe for 15,000,000 new Shares, representing approximately 4.31 per cent. of the existing share capital of the Company and approximately 4.14 per cent. of the share capital of the Company as enlarged by the allotment and issue of 15,000,000 new Shares. If the Over-allocation Option is not exercised, the outstanding 5,000,000 Shares placed by Mr Lin will be covered by Shares to be purchased by the Placing Agent on the secondary market. If the Over-allocation Option is exercised in full, Mr Lin will subscribe for a total of 20,000,000 new Shares, representing approximately 5.75 per cent. of the existing share capital of the Company and approximately 5.44 per cent. of the share capital of the Company as enlarged by the allotment and issue of a total of 20,000,000 new Shares pursuant to the Placing and Subscription Agreement.

Completion of the Subscription is expected to take place on or before 8 April 2002, being the date falling 14 days after the date of the Placing and Subscription Agreement.

The placees and (where applicable) their ultimate beneficial owners are independent of and not connected with any of the Directors, chief executive, substantial shareholder or management shareholder of the Company, or any of their respective associates, and that none of the placees fall under any of the categories set out in Note 1 to Rule 10.12(4) of the GEM Listing Rules, save for the aforementioned fellow subsidiary of the Placing Agent who was placed with 2,000,000 Placing Shares.

USE OF PROCEEDS

The Group raised approximately HK\$47.6 million under the share offer of the Company in conjunction with the Company's listing (the "**Share Offer**"). The Directors confirmed that such net proceeds had been utilised in full in accordance with the specific business objectives set out under the section headed "Statement of business objectives" in the Prospectus as at 31 December 2001. Pursuant to the exercise in full of the over-allotment option granted to the lead underwriter of the Share Offer, the Group raised additional net proceeds of approximately HK\$8.7 million which, as disclosed in the Prospectus, was applied as general working capital of the Group.

According to the Group's specific business objectives up to 31 December 2002, the Group planned to utilise a total of approximately HK\$18 million from its internal resources for, among other matters, the construction of PCB prototyping facilities, the establishment of an EMS branch office, the establishment of a joint laboratory with a national university in the PRC and completion of the Group's second phase of expansion plan for PCB fabrication and assembly.

The net proceeds after deducting related placing commission, professional fees and all related expenses, under the Subscription of the initial 15,000,000 new Shares, are estimated to be approximately HK\$14.2 million. If the Over-allocation Option is exercised in full, an estimated additional net proceeds of approximately HK\$4.8 million will be raised. It is the present intention of the Company to apply the net proceeds as general working capital of the Group in facilitation of its specific business objectives for the remaining nine months ending 31 December 2002.

GENERAL

The Company was successfully listed on GEM on 17 May 2001. As described in the Prospectus, under the GEM Listing Rules, Mr Lin is the initial management shareholder of the Company and was, at the time of listing of the Shares on GEM, subject to a moratorium period of two years. As a result of an application jointly made by Deloitte & Touche Corporate Finance Limited and JS Cresvale International Limited, the sponsor and the co-sponsor respectively of the Company, on behalf of the Company, the Stock Exchange, upon the initial public offering of the Shares, granted a waiver to the effect that the moratorium period applicable to Mr Lin have been reduced from two years to six months on the condition that Mr Lin will not dispose (or enter into any agreement to dispose) or permit the registered holder to dispose (or enter into any agreement to dispose) any of his Shares in the second six months' period after listing if such disposal would result in him ceasing to have control, directly or indirectly, over 35 per cent. of the voting power at general meetings of the Company. The Placing and the Subscription constitute an exempted connected transaction of the Company under Rule 20.23(3)(d) of the GEM Listing Rules on the condition that completion of the Subscription is to take place within 14 days of the date of the Placing and Subscription Agreement. By virtue of Rule 13.15(5) of the GEM Listing Rules, the placing of Shares by Mr Lin under the Placing will not be deemed as a disposal of relevant securities of the Company.

At the request of the Company, trading in the Shares was suspended with effect from 10:00 a.m. on 26 March 2002 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 10:00 a.m. on 27 March 2002.

The following defined terms are used in this announcement:

“associates”	having the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Company”	Sinotronics Holdings Limited, a company incorporated in the Cayman Islands and the Shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market operated by the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GEM Listing Committee”	the listing committee of the Stock Exchange with responsibility for GEM
“Mr Lin”	an executive Director and the chairman of the Company
“Over-allocation Option”	the option granted by Mr Lin to the Placing Agent, exercisable from the date of the Placing and Subscription Agreement up to 5:00 p.m. on 27 March 2002, pursuant to which the Placing Agent can require Mr Lin to sell, up to a total of 5,000,000 Shares at the same price for the Placing Shares, in one or more transactions, to be placed by the Placing Agent
“Over-allocation Shares”	a maximum of 5,000,000 Shares to be placed by the Placing Agent upon the exercise of the Over-allocation Option
“Placing”	the placing of the Placing Shares together with the Over-allocation Shares upon the exercise of the Over-allocation Option pursuant to the terms of the Placing and Subscription Agreement
“Placing Agent”	Guotai Junan Securities (Hong Kong) Limited
“Placing Shares”	initially 15,000,000 existing Shares together with the Over-allocation Shares upon the exercise of the Over-allocation Option
“Placing and Subscription Agreement”	the placing and subscription agreement dated 25 March 2002 between the Company, Mr Lin and the Placing Agent
“Prospectus”	the prospectus of the Company dated 11 May 2001 in relation to the initial public offer of the Shares on GEM
“Share(s)”	ordinary share(s) of HK\$0.10 in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares to be subscribed for by Mr Lin pursuant to the Placing and Subscription Agreement

“Subscription Shares”

new Shares to be subscribed for by Mr Lin in such number as shall be equivalent to the number of the Placing Shares placed by the Placing Agent under the Placing and Subscription Agreement

By order of the Board of
Sinotronics Holdings Limited
Lin Wan Qiang
Chairman

Hong Kong, 26 March 2002

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least seven days from the date of its publication.