
IMPORTANT

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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Sinotronics Holdings Limited (the “Company”), you should at once hand this circular, together with the form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) takes no responsibility for the contents of this circular, 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 its circular.



SINOTRONICS HOLDINGS LIMITED

(華翔微電子控股有限公司)*

(Incorporated in the Cayman Islands with limited liability)

GENERAL MANDATE TO REPURCHASE

AND

GENERAL MANDATES TO ISSUE SHARES

This circular, for which the directors of 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 (“GEM”) of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement herein misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This circular will remain on the GEM website on the “Latest Company Announcements” page for at least 7 days from the date of its posting.

* For identification purposes only

27th September, 2002

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the GEM website at <http://www.hkgem.com> in order to obtain up-to-date information on GEM-listed issuers.



SINOTRONICS HOLDINGS LIMITED

(華翔微電子控股有限公司)*

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Lin Wan Qaing (*Chairman*)

Liu Zhao Cai (*Vice-Chairman*)

Xiang Song

Independent Non-executive Directors:

Lam Ming Yung

Pan Chang Chi

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Hong Kong

27th September, 2002

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATE TO REPURCHASE
AND
GENERAL MANDATES TO ISSUE SHARES**

INTRODUCTION

The purpose of this circular is to give you information regarding certain resolutions to be proposed at the annual general meeting of Sinotronics Holdings Limited (the “Company”) to be held at Grandroom II, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on 24th October, 2002 at 10:00 a.m. (the “Annual General Meeting”). The resolutions include granting to the directors of the Company (the “Directors”) general and unconditional mandates (the “General Mandates”) to repurchase and issue shares with nominal value of HK\$0.10 each in the capital of the Company (each a “Share”).

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LETTER FROM THE CHAIRMAN

GENERAL MANDATES

At the Annual General Meeting, separate ordinary resolutions will be proposed to grant to the Directors the general and unconditional mandates to:

- (i) repurchase such number of Shares which represents up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution (the “Repurchase Mandate”);
- (ii) allot and issue further Shares representing up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution; and
- (iii) add to the general mandate for issuing Shares set out in (ii) above the number of Shares repurchased by the Company pursuant to the Repurchase Mandate.

The General Mandates will end on the earliest of the date of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required to be held by the Company’s articles of association, the Companies Law (Revised) of the Cayman Islands or any other applicable law of the Cayman Islands, or the date upon which such authority is revoked or varied by way of ordinary resolution of the Company in general meeting.

An explanatory statement containing all the relevant information relating to the proposed Repurchase Mandate is set out in the Appendix to this circular. The information in the explanatory statement is to provide the information reasonably necessary to enable Shareholders of the Company (the “Shareholders”) to make an informed decision on whether to vote for or against the resolutions.

ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting is set out in the 2002 annual report of the Company which has been despatched to the Shareholders together with this circular. At the Annual General Meeting, resolutions relating to the General Mandates will be proposed as ordinary resolutions for your consideration and approval.

A form of proxy for the Annual General Meeting is enclosed with this circular. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company’s principal office in Hong Kong at Room 1805, 18th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting. The completion of a form of proxy will not preclude you from attending and voting at the Annual General Meeting in person.

RECOMMENDATION

The Directors are of the opinion that the proposals referred to above are in the best interests of the Company and therefore recommend you to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting. The Directors have indicated that the votes attaching to the Shares owned by them would be cast in favour of all the resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
Lin Wan Qaing
Chairman

This is an explanatory statement given to all Shareholders relating to a resolution to be proposed at the Annual General Meeting authorising the Repurchase Mandate.

This explanatory statement contains all the information required pursuant to Rule 13.08 and other relevant provisions of the GEM Listing Rules which is set out as follows:

1. EXERCISE OF THE REPURCHASE MANDATE

Exercise in full of the Repurchase Mandate, on the basis of 402,625,000 Shares in issue as at 25th September, 2002, being the latest practicable date prior to the printing of this circular (the “Latest Practicable Date”), could result in up to 40,262,500 Shares (representing up to 10% of the aggregate nominal amount of the issued share capital of the Company) being repurchased by the Company during the period up to (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting of the Company is required to be held by the Company’s articles of association, the Companies Laws (Revised) of the Cayman Islands or any other applicable laws of the Cayman Islands; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Company in general meeting, whichever occurs first.

2. REASONS FOR REPURCHASES

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purposes in accordance with its memorandum and articles of association and the applicable laws of the Cayman Islands. The Company may not repurchase shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their associates (as defined in the GEM Listing Rules) has any present intention, if the Repurchase Mandate is approved by the Shareholders, to sell shares to the Company and its subsidiaries.

4. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules, the Company’s memorandum and articles of association and the applicable laws of the Cayman Islands.

No connected person (as defined in the GEM Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company or its subsidiaries, or has undertaken not to do so in the event that the Repurchase Mandate is approved by the Shareholders.

6. DISCLOSURE OF INTEREST

None of the Directors of the Company nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates, as a present intention to sell any Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

7. TAKEOVER CODE

If a shareholder's proportionate interest in the voting capital of the Company increases as a result of a repurchase of Shares, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Code"). As a result, a shareholder, or a group of shareholders acting in concert, depending on the level of increase in the shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Code.

As at the Latest Practicable Date, Mr. Lin Wan Qaing, which is a substantial shareholder of the Company, held approximately 57.67% of the issued share capital of the Company. In the event that the Directors exercised in full the power to repurchase Shares of the Company in accordance with the Repurchase Mandate, the total shareholdings of Mr. Lin Wan Qaing in the Company would be increased to approximately 64.08% of the issued share capital of the Company. The Directors believe that such increase would not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Code. Further, the Directors do not have a present intention to exercise the Repurchase Mandate to the extent as to give rise to an obligation by Mr. Lin Wan Qaing to make a mandatory offer under Rules 26 and 32 of the Code.

8. SHARE PURCHASE MADE BY THE COMPANY

The Company has not purchased any of its Shares, whether on GEM or otherwise, during the six months preceding the date of this document.

9. SHARE PRICES

The highest and lowest prices at which the Shares traded on GEM during each of the previous twelve months before the printing of this document were as follows:

	Price per Share	
	Highest HK\$	Lowest HK\$
2001		
September	0.820	0.490
October	1.020	0.760
November	1.120	0.860
December	0.940	0.780
2002		
January	0.840	0.760
February	0.900	0.780
March	1.160	0.870
April	1.200	1.030
May	1.380	1.080
June	1.550	1.260
July	1.370	0.960
August	1.150	0.950