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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)

ANNOUNCEMENT

The Board wishes to announce that an agreement was made between Fujian Fuqiang and the Third Party on 29 March 2004; whereby the Fujian Fuqiang has agreed, amongst other things, to advance to the Third Party an unsecured loan of RMB30,000,000 bearing an interest at 8% per annum and repayable in March 2009, subject to the satisfaction of the Conditions as set out in the aforesaid agreement.

The Loan exceeded 8% of the Company's total market capitalization during the period from 28 June 2004 to 30 June 2004 (both days inclusive), pursuant to which the Agreement constitutes a general disclosure obligation under Rule 13.13 of the Listing Rules. As disclosure has not been made in June 2004 when the Consideration Ratio of the Loan exceeded 8% during the period from 28 June 2004 to 30 June 2004 (both days inclusive), Rule 13.16 of the Listing Rules was breached. The Stock Exchange of Hong Kong Limited reserves its rights to take appropriate action against the Company and its directors regarding the breach.

BACKGROUND

The Board wishes to announce that an agreement was made between Fujian Fuqiang and the Third Party on 29 March 2004 (the "Agreement"); whereby the Fujian Fuqiang has agreed, amongst other things, to advance to the Third Party an unsecured loan of RMB30,000,000 bearing an interest at 8% per annum and repayable in 28 March 2009 (the "Loan"), subject to the satisfaction of the Conditions as set out in the aforesaid agreement.

THE LOAN AGREEMENT

Date

29 March 2004

Parties

- (a) Fujian Fuqiang
- (b) The Third Party

Conditions

The Agreement is conditional upon the satisfaction of, among other things, the following conditions:

- (1) Fujian Fuqiang shall provide to the Third Party a loan in the sum of RMB30,000,000 for a term of five years with effect from 29 March 2004;
- (2) The Third Party shall provide to Fujian Fuqiang a fixed interest at the rate of 8% per annum against the Loan within a time limit as agreed; and
- (3) The Third Party shall repay to Fujian Fuqiang the Loan and any outstanding interests in full within the time limit as agreed, where the contrary appears, Fujian Fuqiang shall have the right to charge the Third Party a fee of 0.5% per day for the extension of facility.

REASONS FOR THE ADVANCE OF LOAN

The Group is an electronic manufacturing services provider in the PRC offering a full range of solutions to electronics ODMs and CEMs throughout the production cycle of PCBs, which covers initial circuit design, schematic capture and layout design, prototyping, fabrication and testing.

The Newland has been a customer and a strategic alliance partner of the Group since 1999, principally engaged in manufacture, sale of computer and computer accessories, electronic and electromechanical products, software, hardware, automated highway system design, network design, research, development of system integration and the development of embedded operating system and software tools. The Third Party is a 60% shareholding fellow subsidiary of Newland, primarily engaged in the research, development, sale of products as well as the related investment in relation to the high technologies and communication products. It has been engaged in research and development, and construction of high technologies and communication products. There are two types of high technologies and communication products: 1. computerized charge system; and 2. digitalized monitoring system. The digitalized monitoring system is expected to have enormous prospects with broad applications such as on metropolitan traffic management and distance learning education programmes. In the application of the digitalized monitoring systems, there exists a high demand for PCB boards.

The Newland Group has been appointed the main contractor for constructing the high-speed information system in one of Province in the PRC and tender has been lodged with other Province in the PRC to obtain the contract for constructing the high-speed information system in the province. The Company would be participating in the designing, production and packaging of certain circuit boards in the projects; thus, gaining a share in the markets for circuit boards in the PRC. Through the participation in these projects, the engineers of the Company would gain more in-depth knowledge and experience in the product that is expected to penetrate the Company with an entry to the market.

The Group, by way of co-operation in the design and production of Newland's product, has gained technical experiences, which enabled the Group, having the capability, to provide to Newland and other customers more in-depth design services in relation to above-mentioned related products. Furthermore, the co-operation will further enhance the Group's research and development as well as design capabilities in respect of the fabrication of PCBs, which is the single business segment of the Group and accordingly, will enhance the Group's competitive edge and allow the Group to explore more market opportunities.

In addition to the above, with the anticipated dynamic market developments in the field of electronic products, the Board also considered that through the co-operation its system design expertise would be enhanced and would aid in fulfilling its long-term objectives (as stated under the section headed “Future Plan and Prospects” on pages 95 and 96 in the Listing Document) and maintaining the long-term relationship with Newland and Newland Group.

The Board believes that the Loan to the Third Party will further facilitate and strengthen the business relationship among the Group, Newland and the Third Party, which the Board anticipates will lead to a continuous increase in secured orders from Newland and penetrate the Group with markets related to Newland’s new product. After the Directors’ enquiry and reasonable due diligence, the Board is unambiguously of the opinion that the Third Party could repay the Loan.

The Board considered that a reasonable due diligence had been performed including but not limited to reviewing the financial statements to evaluating the financial position and interviewing the management to understand the management structure, characteristics and integrity of Newland and the Third Party prior to advancing the Loan. In particular, the Board had focused on the financial position, such as the cash and bank balance, trade receivables, trade payables, loan payables shareholder’s fund, current ratio and debt to equity ratio of Newland and the Newland Group.

In view of the above, although there was no guarantee or indemnity made between the Group and the Third Party nor there was other agreement (save as those agreements disclosed under the section headed “Strategic Alliances” on pages 50 and 51 in the Listing Document) entered into in relation to the co-operation between the Group and Newland, the Board considered that the terms and conditions of the loan advance was arrived at after arm’s length negotiation and was based on normal commercial terms, which are fair and reasonable and are in the interests of the Company and the shareholders as a whole and accordingly, the Group decided to advance the Loan.

RULES 13.13 AND 13.16

The Loan exceeded 8% of the Company’s total market capitalization during the period from 28 June 2004 to 30 June 2004 (both days inclusive), pursuant to which the Agreement constitutes a general disclosure obligation under Rule 13.13 of the Listing Rules. As disclosure has not been made in June 2004 when the Consideration Ratio of the Loan exceeded 8% during the period from 28 June 2004 to 30 June 2004 (both days inclusive), Rule 13.16 of the Listing Rules was breached. The Stock Exchange of Hong Kong Limited reserves its rights to take appropriate action against the Company and its directors regarding the breach.

GENERAL

As at the date of this announcement, the Board comprises Mr. Lin Wan Qaing, Mr. Chen Yan Shun, Mr. Liu Zhao Cai, Mr. Xiang Song, Mr. Tong Yiu On as executive directors, and Mr. Pan Chang Chi, Mr. Cai Xun Shan, Mr. Cheung Chuen as independent non-executive directors.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

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| “Board” | board of directors of the Company |
| “CEMs” | contract manufacturer or contract electronics manufacturer, who manufactures, on behalf of an ODM customer, electronic equipment, the design and brandname of which belongs to the ODM |
| “Company” | Sinotronics Holdings Limited, a company incorporated in the Cayman Islands with limited liability |
| “Consideration Ratio” | fair value of consideration/total market capitalization of the Company |
| “Fujian Fuqiang” | Fujian Fuqiang Delicate Circuit Plate Co., Ltd. (福建福強精密印制綫路板有限公司), an enterprise established in the PRC, in which the Group has a 90% interest, while the remaining 10% interest is currently held by Fujian Furi Electronics Co., Ltd. (福建福日電子股份有限公司) |
| “Group” | the Company together with its subsidiaries |
| “Listing Documents” | the listing documents of the Group dated 24 December 2002 |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited |
| “Newland” | Fujian Newland Computer Co., Ltd. (福建新大陸電腦股份有限公司), a company established in the PRC which is listed on the Shenzhen Stock Exchange (深圳證券交易所), a third party independent of the Company and its associates |
| “ODMs” | original design manufacturers |
| “PCBs” | printed circuit boards |
| “PRC” | the People’s Republic of China |
| “RMB” | Renminbi yuan, the lawful currency of the PRC |
| “Third Party” | 福建新大陸通訊科技有限公司, an enterprise established in the PRC, a third party independent of, and not connected with directors, chief executive, substantial shareholders of the Company and any of its subsidiaries or any of their respective associates (as defined in the Listing Rules) |
| “%” | percentage |

By Order of the Board
Tong Yiu On
Company Secretary

Hong Kong, 24 November 2004

* *for identification purpose only*

*Please also refer to the published version of this announcement in the (**The Standard**)*