

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Solartech International Holdings Limited, you should at once hand this circular and the form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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SOLARTECH INTERNATIONAL HOLDINGS LIMITED

榮盛科技國際控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1166)

SUBSCRIPTION OF NEW SHARES CONSTITUTING A CONNECTED TRANSACTION, REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES AND NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Hantec Capital Limited

A letter from the board of directors of the Company is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee and a letter from the Independent Financial Adviser containing their recommendations and advices are set out in pages 12 to 13 and pages 14 to 24 of this circular, respectively.

A notice convening the Special General Meeting of Solartech International Holdings Limited (the "Company") to be held at Academy Room I & II, 1/F Intercontinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 5 June, 2006 at 10:30 a.m. at which the above proposals will be considered is set out in pages 30 to 32 to this circular. A form of proxy for the special general meeting is also enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the head office and principal place of business of the Company in Hong Kong at No. 7, 2nd Floor, Kingsford Industrial Centre, 13 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting if you so wish.

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DEFINITIONS

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

“Announcement”	the announcement made by the Company dated 25 April, 2006 concerning, among other matters, the placing of existing shares, subscription of new shares constituting a connected transaction and issue of convertible notes;
“Associate”	has the meaning ascribed to in the Listing Rules;
“Chau’s Family Trust”	a discretionary trust founded by Mr. Chau and which is wholly-owned by Chau’s Family 1996 Limited;
“Company”	Solartech International Holdings Limited, a company incorporated in Bermuda;
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Convertible Notes”	convertible notes in the aggregate principal amount of US\$10,000,000 to be issued by the Company to the Investors under the Convertible Notes Subscription Agreements;
“Convertible Notes Subscription Agreements”	the subscription agreements dated 24 April, 2006 between the Company and each of the Investors in relation to the subscription of the Convertible Notes;
“Director(s)”	director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors to exercise the power of the Company to issue securities up to 20% of the Company’s issued share capital as at the date of the annual general meeting held on 10 November, 2005;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent committee of the board of Directors comprising Mr. Chung Kam Kwong, Mr. Lo Kao Cheng and Mr. Lo Wai Ming, the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in relation to the Subscription;

DEFINITIONS

“Independent Financial Adviser” or “Hantec”	Hantec Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, is the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the proposed Refreshed General Mandate;
“Independent Shareholders”	shareholders of the Company other than Mr. Chau and Chau’s Family Trust and their Associate;
“Investors”	Penta Investment, Centar Investments, Shepherd Investments, Stark Asia, Stark International, Evolution Master Fund Ltd SPC, Segregated Portfolio M, D.B. Zwirn Special Opportunities Fund, L.P. and D.B. Zwirn Special Opportunities Fund, Ltd.;
“Latest Practicable Date”	15 May, 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Chau”	Mr. Chau Lai Him, chairman and managing director of the Company;
“Placees”	professional, institutional and other investors selected and procured by or on behalf of the Placing Agent as contemplated in the Placing Agreement;
“Placing”	the placing of 93,000,000 Shares, sold, or procured to be sold to not less than six Placees (who and whose beneficial owners are third parties independent of the Company and Connected Persons of the Company), by the Subscribers pursuant to the placing agreement dated 20 April, 2006 between the Subscribers, the Company and the Placing Agent;
“Placing Agent”	Bear Stearns Asia Limited of 26/F., Citibank Tower, 3 Garden Road, Hong Kong;
“Refreshed General Mandate”	the general mandate which, if approved, would authorise the Directors to exercise the power of the Company to issue securities up to 20% of the Company’s issued share capital as at the date of the SGM;

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company proposed to be convened to approve the Subscription Agreement, the issue of the Subscription Shares pursuant to the Subscription Agreement and the proposed Refreshed General Mandate;
“Shareholder(s)”	holder(s) of the Share(s);
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	Mr. Chau and Chau’s Family Trust;
“Subscription”	the subscription of the Subscription Shares under the Subscription Agreement;
“Subscription Agreement”	subscription agreement entered into between the Subscribers and the Company dated 20 April, 2006 in relation to the Subscription;
“Subscription Shares”	93,000,000 new Shares subscribed for by the Subscribers pursuant to the Subscription Agreement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

LETTER FROM THE BOARD



SOLARTECH INTERNATIONAL HOLDINGS LIMITED

榮盛科技國際控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1166)

Executive Directors:

CHAU Lai Him (*Chairman and Managing Director*)

ZHOU Jin Hua (*Deputy Chairman*)

LAU Man Tak

LIU Jin Rong

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Independent non-executive directors:

LO Kao Cheng

LO Wai Ming

CHUNG Kam Kwong

Head office and principal place of

business in Hong Kong:

No. 7, 2nd Floor

Kingsford Industrial Centre

13 Wang Hoi Road

Kowloon Bay

Kowloon

Hong Kong

17 May, 2006

To the Shareholders

Dear Sir/Madam,

**SUBSCRIPTION OF NEW SHARES CONSTITUTING
A CONNECTED TRANSACTION,
REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

On 20 April, 2006 the Company entered into the Subscription Agreement with the Subscribers whereby the Subscribers agreed to subscribe for the Subscription Shares. The Subscription is conditional upon completion of the Placing, the Listing Committee of the Stock Exchange having granted listing of and permission to deal in the Subscription Shares (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares) and the passing of a

* For identification purposes only

LETTER FROM THE BOARD

resolution at the SGM by the Shareholders to approve the Subscription Agreement and the issue of the Subscription Shares pursuant to the Subscription Agreement. The Placing was completed on 28 April, 2006.

As Mr. Chau is a director of the Company and Chau's Family Trust is a substantial shareholder of the Company, each holding approximately 8.97% and 20.90% of the issued capital of the Company as at the date of the Subscription Agreement, they are connected persons of the Company pursuant to the Listing Rules. Accordingly, the Subscription constitutes a connected transaction pursuant to Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising Mr. Chung Kam Kwong, Mr. Lo Kao Cheng and Mr. Lo Wai Ming, has been constituted to advise the Independent Shareholders in relation to the Subscription and the proposed Refreshed General Mandate. Hantec has been appointed to advise the Independent Board Committee and Independent Shareholders in respect of the connected transaction arising from the Subscription and the proposed Refreshed General Mandate.

The purpose of this circular is to provide you with, among other matters, (i) details of the Subscription; (ii) the proposal for the Refreshed General Mandate; (iii) a letter of recommendation from the Independent Board Committee; (iv) a letter of advice from Hantec on the terms of the Subscription and the Refreshed General Mandate; and (v) a notice of the SGM.

SUBSCRIPTION AGREEMENT

The Subscription Agreement contains the terms set out below amongst others:

- Date: 20 April, 2006
- Parties: (1) The Subscribers (being Mr. Chau and Chau's Family Trust)
- (2) The Company
- Terms: Each Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue such number of Subscription Shares as is equivalent to the number of Placing Shares placed by it pursuant to the Placing Agreement. The Placing was completed on 28 April, 2006 and the number of Placing Shares was 93,000,000 Shares.

LETTER FROM THE BOARD

- Subscription Price:** The Subscription Price is HK\$1.00 per Subscription Share, equivalent to the Placing Price and is payable in cash on completion of Subscription. Assuming issue of all the Subscription Shares, the placing price (net of expenses) per Subscription Share is HK\$0.967. The Subscription Price represents (i) a discount of approximately 6.54% to the closing price of HK\$1.07 per Share quoted on the Stock Exchange on 19 April, 2006, the trading day before the date of suspension of dealings in shares of the Company from 9:30 a.m. on 20 April, 2006; (ii) a discount of approximately 1.96% to the average closing price per Share of approximately HK\$1.02 per Share as quoted on the Stock Exchange for the last five trading days of the Shares ended on 19 April, 2006; (iii) a premium of approximately 6.38% to the average closing price per Share of approximately HK\$0.94 per Share as quoted on the Stock Exchange for the last ten trading days of the Shares ended on 19 April, 2006.
- Rights:** The Subscription Shares will on issue rank equally with the Shares then in issue.
- Number of Subscription Shares:** The Subscription Shares represent approximately 23.70% of the total of 392,364,362 Shares in issue as at the date of the Latest Practicable Date and approximately 19.16% of the issued capital of the Company as enlarged by the Subscription Shares. The Subscription Shares are proposed to be issued pursuant to specific approval by the Shareholders of the Company at the SGM at which Chau's Family Trust, Mr. Chau and their Associates will abstain from voting.
- Conditions Precedent:** The Subscription is conditional upon:-
- (i) completion of the Placing (which was completed on 28 April, 2006);
 - (ii) the approval by the Shareholders (other than the Subscribers and their respective Associates) in a general meeting as required under the Listing Rules; and

LETTER FROM THE BOARD

- (iii) listing of and permission to deal in the Subscription Shares being granted by the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares).

The Subscription Agreement will lapse if the conditions set out above are not satisfied by 30 June, 2006 unless the parties agree otherwise in writing.

Completion:

The Subscription is to be completed on the next business day after satisfaction of the conditions mentioned above.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION

The Directors consider the timing of the fund raising by the Placing and the Subscription is appropriate as the recent stock market has a strong performance and the Placing will be attractive to potential investors. Having considered alternative sources of funding (such as bank financing), the Directors consider that notwithstanding the Placing and the Subscription will dilute the existing shareholding interest of the Shareholders, the Placing and the Subscription represent an opportunity to raise capital for the Company at a considerably lower cost to enhance the general working capital base and the existing business of the Group.

PRINCIPAL BUSINESS AND FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company together with its subsidiaries are principally engaged in the manufacturing and trading of (i) power cord and cables; (ii) connectors and terminals; and (iii) copper rods and copper wires.

LETTER FROM THE BOARD

Set out below is the summary of fund raising activities of the Company in the past 12 months:–

Date of Agreement	Transaction	Net proceeds raised/to be raised	Completed	Intended use of proceeds	Actual use of proceeds
24 May, 2005	Placing of existing shares and subscription of new shares under the general mandate	HK\$17.8 million	6 June, 2005	for purchasing raw materials for production of cables and wires.	fully utilised for purchasing raw materials for production of cables and wires
24 April, 2006	Issue of Convertible Notes	US\$10,000,000	9 May, 2006	refer to “Use of Proceeds” section below	deposits in bank for intended use as referred to in “Use of Proceeds” section below

USE OF PROCEEDS

The Placing and the Subscription, together with the issue of the Convertible Notes, will raise gross proceeds of approximately HK\$93 million and approximately HK\$78 million respectively. The proceeds (net of expenses of approximately HK\$4 million) of both exercises of HK\$167 million (comprising approximately HK\$90 million for the Subscription and HK\$77 million for the Convertible Notes) will be used as to approximately HK\$78 million for the proposed acquisition of a subsidiary of Whirlpool in Brazil as referred to in the Company’s announcement dated 18th April, 2006 and the balance for general working capital or funding for future acquisition opportunities when they arise.

LETTER FROM THE BOARD

CHANGES IN SHAREHOLDINGS IN THE COMPANY AS A RESULT OF THE PLACING, THE SUBSCRIPTION AND THE ISSUE OF THE CONVERTIBLE NOTE

The changes in the shareholding in the Company after the Placing, the Subscription and the issue and full conversion of the Convertible Notes are illustrated in the table below (assuming that there are no other changes in the issued share capital of the Company):-

Name of shareholders	Shareholding as at the date hereof (after the Placing) (approx. %)		Shareholding after the Placing and the Subscription (approx. %)		Shareholding after the Placing, the Subscription and issue and full conversion of the Convertible Notes (approx. %)	
	No	%	No	%	No	%
	Mr. Chau	24,202,000	6.17	35,210,000	7.25	35,210,000
Chau's Family Trust	0	0	81,992,000	16.89	81,992,000	14.74
Sub Total:	24,202,000	6.17	117,202,000	24.15	117,202,000	21.07
Yin Jin Hua, an independent third party	75,300,000	19.19	75,300,000	15.51	75,300,000	13.54
Other Public Shareholders	199,862,362	50.94	199,862,362	41.18	199,862,362	35.93
Places	93,000,000	23.70	93,000,000	19.16	93,000,000	16.72
Convertible Notes holders (based on initial Conversion Price of HK\$1.10)	-	-	-	-	70,909,090	12.75
Total:	<u>392,364,362</u>	<u>100</u>	<u>485,364,362</u>	<u>100</u>	<u>556,273,452</u>	<u>100</u>

PROPOSAL FOR REFRESHED GENERAL MANDATE

The General Mandate, upon full utilisation, will result in issue of 78,472,872 Shares, representing 20% of the issued share capital of the Company as at 10 November, 2005, the date when the General Mandate was granted.

Upon full conversion of the Convertible Notes at the initial conversion price of HK\$1.10 per Share and assuming an exchange rate of HK\$7.80 to US\$1.00, 70,909,090 Shares would be issued pursuant to the General Mandate which represent 18.07% of the total number of Shares in issue as at the Latest Practicable Date.

LETTER FROM THE BOARD

Accordingly, the General Mandate was substantially utilised, leaving only 7,563,782 Shares, representing 1.93% of the total number of Shares as at the date of approving the General Mandate that can be allotted and issued under it.

As at the Latest Practicable Date, the number of Shares in issue was 392,364,362. If the Refreshed General Mandate is approved and on the basis that no further Shares will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, up to 78,472,872 new Shares, representing 20% of the existing 392,364,362 issued Shares as at the Latest Practicable Date, could be allotted and issued by the Company under the Refreshed General Mandate.

The Directors will therefore take the opportunity to propose, at the SGM (convened for the purpose of shareholders considering and, if thought fit, approving the Subscription), to also seek the approval for the proposed Refreshed General Mandate to authorise the Directors to further issue securities not exceeding 20% of the issue share capital of the Company as at the date of passing of such resolution at the SGM, in order to maintain the Company's flexibility for any possible fund raising activities or future acquisitions.

The Subscription constitutes a non-exempt connected transaction of the Company. Voting on the Subscription will be taken by poll and Mr. Chau and Chau's Family Trust (who are the Subscribers) and their Associates will abstain from voting.

Further, pursuant to the Rule 13.36(4)(a) of the Listing Rules, the proposed Refreshed General Mandate requires the approval of the Independent Shareholders by poll at the SGM at which any of the controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Refreshed General Mandate at the SGM. As the Company has no controlling Shareholders and Mr. Chau is the only Director who is also a Shareholder, Mr. Chau, Chau's Family Trust and their Associates are required to, and will, abstain from voting at the SGM in favour of the resolution to be proposed at the SGM in respect of the Refreshed General Mandate.

SGM

As the Chau's Family Trust was a substantial shareholder and Mr. Chau was a Director as at the date of the Subscription Agreement and issue of Subscription Shares (which require specific approval of shareholders of the Company at the SGM) will not take place within 14 days of execution of the Placing Agreement, the Subscription constitutes a non-exempt connected transaction of the Company. Voting on the Subscription (from which Mr. Chau, Chau's Family Trust and their Associates will abstain) at the SGM will be taken by poll.

Voting on the resolutions in relation to the Subscription Agreement and all other matters contemplated thereunder and the proposed Refreshed General Mandate will be conducted by way of a poll as required by the Listing Rules and for those matters, Mr. Chau, Chau's Family Trust and their Associates shall abstain from voting at the SGM.

LETTER FROM THE BOARD

A notice convening the SGM, at which ordinary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Subscription Agreement, the issuance of Subscription Shares under the Subscription Agreement and the proposed Refreshed General Mandate is set out on pages 30 to 32 of this circular.

A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the head office and principal place of business of the Company in Hong Kong at No.7, 2nd Floor, Kingsford Industrial Centre, 13 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting if you so wish.

An announcement will be made by the Company following the conclusion of the SGM to inform you of the results thereof.

RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE

The executive Directors consider that the Subscription and the proposed Refreshed General Mandate are in the interests of the Company and its Shareholders as a whole.

Your attention is drawn to the recommendation of the Independent Board Committee (as set out on page 12 to 13 of this circular) and advice of Hantec (set out on pages 14 to 24 of this circular) regarding the terms of the Subscription and the proposed Refreshed General Mandate.

FURTHER INFORMATION

Your attention is drawn to the further information contained in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board
Chau Lai Him
Chairman



SOLARTECH INTERNATIONAL HOLDINGS LIMITED

榮盛科技國際控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1166)

17 May, 2006

To the Independent Shareholders

Dear Sir or Madam,

**SUBSCRIPTION OF NEW SHARES CONSTITUTING
A CONNECTED TRANSACTION,
REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES**

We refer to the circular of the Company dated 17 May, 2006 (the "Circular"), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Subscription and the proposed Refreshed General Mandate and to make recommendations to the Independent Shareholders.

We have considered whether the terms of the Subscription and the proposed Refreshed General Mandate are fair and reasonable so far as the Independent Shareholders are concerned. Hantec has been appointed as the independent financial adviser to advise us in respect of the above.

We wish to draw your attention to the letter from the Board and the letter from Hantec as set out in this circular, and the additional information set out in the appendix to this circular.

Having considered the terms of the Subscription Agreement and the terms of the proposed Refreshed General Mandate with the independent advice of Hantec, we consider that the terms of the Subscription and the terms of the proposed Refreshed General Mandate are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the Subscription and the proposed Refreshed General Mandate are in the

* For identification purposes only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

interests of the Company and the Shareholders as a whole. On this basis, we recommend that the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Subscription and the proposed Refreshed General Mandate.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Lo Kao Cheng

Mr. Lo Wai Ming

Mr. Chung Kam Kwong

Independent non-executive

Directors

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of inclusion in this circular:



Hantec Capital Limited

45th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

17 May, 2006

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

SUBSCRIPTION OF NEW SHARES CONSTITUTING A CONNECTED TRANSACTION, REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Subscription and the proposed renewal of the General Mandate, details of which are contained in the Letter from the Board (“the **Letter from the Board**”) contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 17 May, 2006, of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

Apart from normal professional fees payable to us in connection with this appointment, we are considered independent with reference to the independence test set out in Rule 13.84 of the Listing Rules and are considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders.

On 25 April, 2006, the Subscribers entered into the Placing Agreement, pursuant to which the Subscribers have conditionally agreed to place, through the Placing Agent, up to 93,000,000 Placing Shares to the Placees at a price of HK\$1.00 per Placing Share. On the same date, the Company entered into the Subscription Agreement with the Subscribers whereby the Subscribers agreed to subscribe for up to 93,000,000 Subscription Shares at the same price as the Placing Price. The Placing was completed on 28 April, 2006 and the number of Placing Shares was 93,000,000 Shares.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

As the Chau's Family Trust is a substantial shareholder and Mr. Chau is a Director, and the issue of the Subscription Shares will not take place within 14 days of execution of the Placing Agreement, the Subscription constitutes a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to approval by the Independent Shareholders by way of poll at the SGM. Mr. Chau, Chau's Family Trust (who are the Subscribers) and their Associates are required to abstain from voting in respect of the resolution to be proposed to approve the Subscription.

On 24 April, 2006, the Company entered into the Convertible Notes Subscription Agreements with the Investors whereby the Investors agreed to subscribe for the Convertible Notes. Assuming the Convertible Notes are issued and converted in full at the initial conversion price of HK\$1.10 per Share, 70,909,090 Shares will fall to be issued which represent 18.07% of the total number of Shares in issue as at the Latest Practicable Date. The Shares to be issued upon conversion of the Convertible Notes will be issued under the General Mandate granted to the Directors at the annual general meeting held on 10 November, 2005 which allows the Directors to deal with up to 78,472,872 Shares. Accordingly, the General Mandate will be substantially utilised. The Directors will convene the SGM to seek the approval for the proposed Refreshed General Mandate to authorise the Directors to further issue securities not exceeding 20% of the issue share capital of the Company as at the date of passing of such resolution.

Pursuant to the Rule 13.36(4)(a) of the Listing Rules, the proposed Refreshed General Mandate requires the approval of the Independent Shareholders by poll at the SGM at which any of the controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Refreshed General Mandate at the SGM. As the Company has no controlling Shareholders and Mr. Chau is the only Director who is also a Shareholder, Mr. Chau, Chau's Family Trust and their Associates are required to, and will, abstain from voting at the SGM in favour of the resolution to be proposed at the SGM in respect of the Refreshed General Mandate.

The Independent Board Committee has been established to advise whether the terms of the Subscription and the Refreshed General Mandate are fair and reasonable and whether the Subscription and the Refreshed General Mandate are in the interests of the Company and its Independent Shareholders as a whole and to advise the Independent Shareholders on how to vote. The Independent Board Committee comprising Mr. Chung Kam Kwong, Mr. Lo Kao Cheng, and Mr. Lo Wai Ming, all being independent non-executive Directors, has been formed to advise the Independent Shareholders in this respect. We have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Subscription and the Refreshed General Mandate, so far as the interests of the Independent Shareholders are concerned and whether the Subscription and the Refreshed General Mandate are in the interests of the Company and the Shareholders as a whole.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In arriving at our recommendation, we have relied on the information and facts provided by the Company and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group.

(I) THE SUBSCRIPTION

Principal Factors taken into Account

The principal factors and reasons that we have taken into consideration in assessing the Subscription and the terms thereof and arriving at our opinion are set out as follows:

1. *Background to and Reasons for the Subscription*

The Group is principally engaged in the manufacturing and trading of (i) power cord and cables; (ii) connectors and terminals; and (iii) copper rods and copper wires.

As stated in the "Letter from the Board", the net proceeds of the Subscription is approximately HK\$90 million. Together with the issue of the Convertible Notes with an amount of net proceeds of approximately HK\$77

LETTER FROM INDEPENDENT FINANCIAL ADVISER

million, the net proceeds from the two fund raising exercises of approximately HK\$167 million will be used as to approximately HK\$78 million for the proposed acquisition of a subsidiary of Whirlpool in Brazil as referred to in the Company's announcement dated 18 April, 2006 and the balance for general working capital or funding for future acquisition opportunities when they arise. As disclosed in the abovementioned announcement, the Company has entered into a non legally binding letter in relation to the proposed acquisition and as at the Latest Practicable Date, negotiations were still in progress before reaching the terms of a sale and purchase agreement.

The Directors consider that the timing of the fund raising by the Placing and the Subscription, together with the issue of Convertible Notes, is appropriate as the recent stock market has a strong performance and the Placing will be attractive to potential investors. Having considered alternative sources of funding (such as bank financing), the Directors consider that notwithstanding the Placing and the Subscription and the issue of Convertible Notes will dilute the existing shareholding interest of the Shareholders, the Placing and Subscription and the issue of Convertible Notes represent an opportunity to raise capital for the Company at a considerably lower cost to enhance the general working capital base and the existing business of the Group while at the same to help broaden its shareholder base to include institutional investors.

The Subscription is part of the top-up arrangement in conjunction with the Placing to facilitate the Company's fund-raising exercise by way of placing of new Shares to independent third parties. Given the General Mandate will be substantially utilised as a result of the issue of the Convertible Notes, new Shares can only be issued to the Placees by way of a specific mandate to the Directors to issue Shares in case of a straight placing to the Placees. Accordingly, less time is required to raise funds by ways of top-up placing comparing with straight placing to the Placees. In view of that, we consider that the top-up arrangement is an appropriate means for the Company to capture the recent market sentiment.

2. *The Subscription Price*

The Subscription Price of HK\$1.00, which is the same as the Placing Price, represents:

- (i) a discount of approximately 6.54% to the closing price of HK\$1.07 per Share as quoted on the Stock Exchange on 19 April, 2006, the trading day before the suspension of dealings in shares of the Company;
- (ii) a discount of approximately 1.96% to the average closing price per Share of approximately HK\$1.02 per Share as quoted on the Stock Exchange for the last five trading days of the Shares ended on 19 April, 2006;

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- (iii) a premium of approximately 6.38% to the average closing price per Share of approximately HK\$0.94 per Share as quoted on the Stock Exchange for the last ten trading dates of the Shares ended on 19 April, 2006; and
- (iv) a premium of approximately 2.04% to the closing price of HK\$0.98 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

In assessing the fairness and reasonableness of the Subscription price, we have identified the share placements (the “Comparable Placements”) conducted by companies that are listed on the main board of the Stock Exchange (the “Comparable Companies”) for the period from 1 April, 2006 up to the date of the Announcement. The following table sets out the premium/discount represented by the placing/subscription price to (i) the closing price on the last trading day prior to the release of the announcement of the Comparable Companies; and (ii) the average 5-day closing price prior to the release of the relevant announcement:

Comparable Company	Type of placement	Date of announcement	Placing/ subscription price HK\$	Premium/(discount) of the placing/subscription price to	
				The closing price on the last trading day prior to the relevant announcement %	The 5-day average closing price %
Shanghai Forte Land Co., Ltd. (2337)	Placing of new shares	3 April, 2006	3.95	(4.24)	(0.25)
Deson Development International Holdings Limited (262)	Top-up placing	6 April, 2006	0.34	(17.07)	(17.07)
Daqing Petroleum and Chemical Group Limited (362)	Top-up placing	6 April, 2006	0.48	(4.00)	0.42
Tian An China Investments Company Limited (28)	Top-up placing	7 April, 2006	5.1	(6.42)	(3.23)
Wealthmark International (Holdings) Limited (39)	Top-up placing	7 April, 2006	0.54	(10)	(10)
Wanji Pharmaceutical Holdings Limited (835)	Top-up placing	7 April, 2006	0.195	(11.36)	5.98
Tact Fat Group International Limited (928)	Top-up placing	10 April, 2006	1.03	(9.6)	(3.4)

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Comparable Company	Type of placement	Date of announcement	Placing/ subscription price HK\$	Premium/(discount) of the placing/subscription price to The closing price on the last trading day prior to the relevant announcement	
				%	The 5-day average closing price %
Emperor International Holdings Limited (163)	Top-up placing	11 April, 2006	1.83	(6.15)	(3.79)
Signal Media and Communications Holdings Limited (2362)	Placing of new shares	11 April, 2006	0.2	(4.3)	5.4
IPE Group Limited (929)	Top-up placing	12 April, 2006	1.87	(7.6)	(6.0)
Macau Success Limited (487)	Top-up placing	12 April, 2006	1.09	(6.03)	4.81
Henderson Investment Limited (97)	Top-up placing	18 April, 2006	13.55	(7.2)	(8.8)
Landune International Limited (245)	Placing of new shares	20 April, 2006	0.118	(19.2)	(17.9)
Qin Jia Yuan Media Services Company Limited (2366)	Top-up placing	21 April, 2006	2.28	(4)	(0.88)
Shenzhen High-Tech Holdings Limited (106)	Placing of new shares	21 April, 2006	0.03	(16.67)	(18.92)
China Special Steel Holdings Company Limited (2889)	Top-up placing	21 April, 2006	2.175	(9.4)	(4.1)
Norstar Founders Group Limited (2339)	Top-up placing	24 April, 2006	3.625	(8.23)	(10.38)
China Everbright International Limited (257)	Top-up placing	25 April, 2006	0.66	(9.59)	(12.23)
Average				(8.94)	(5.57)

Source: the Stock Exchange

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We note from the above that the placing/subscription price of the Comparable Placements represented (i) a minimum discount of approximately 4% to a maximum discount of approximately 19.2% to the closing price on the last trading day prior to the release of the relevant announcement with an average discount of approximately 8.94%; and (ii) a maximum premium of approximately 5.98% to a maximum discount of approximately 18.92% to the average closing price for the last five trading days prior to the release of the relevant announcement with an average discount of approximately 5.57%.

The discount represented by the Subscription Price to the closing price on the Last Trading Day of approximately 6.54% and the discount represented by the Subscription Price to the five day average closing price of approximately 1.96% falls to the low end of the respective range of the Comparable Placements.

In view of the above, we are of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

3. Financial effect of the Subscription on the Group

The Subscription will add to the Group's cash and bank balance an amount of HK\$90 million. Accordingly, the total assets, net assets and the gearing ratio of the Group will be enhanced. The unaudited net asset value of the Group as at 31 December, 2005 amounted to approximately HK\$786 million. Based on 392,364,362 Shares in issue as at the Latest Practicable Date, the Group's net asset value per Share prior to the Subscription was approximately HK\$2.00 per Share. Since the Subscription Price represents a discount to the Group's net asset value per Share, the Group's net asset value per Share will show a decrease after the Subscription.

4. Dilution Effect of the Subscription on Shareholding of the Independent Shareholders

As indicated from the "Letter from the Board", the existing shareholding of the Independent Shareholders (including the placees) in the Company was approximately 93.83% based on 392,364,362 Shares in issue as at the Latest Practicable Date. Upon completion of the Subscription, the shareholding of the Independent Shareholders (including the placees) in the Company will be reduced by approximately 17.98% to approximately 75.85% based on 485,364,362 Shares then in issue. Therefore, the Independent Shareholders will be subject to an approximately 19.2% dilution to their existing shareholdings. We are of the view that the dilution effect to be acceptable in view that the Subscription is part of the top-up arrangement in conjunction with the Placing in order to facilitate the Company to capture the current market sentiment to raise capital for the Company at a considerably lower cost to enhance the general working capital base and the existing business of the Group.

(II) REFRESHMENT OF GENERAL MANDATE

Principal Factors taken into Account

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the Refreshed General Mandate, we have taken the following principal factors and reasons into consideration:

1. Background

The grant to the Directors of the General Mandate was approved at the last annual general meeting on 10 November, 2005 which allows the Directors to issue up to 78,472,872 Shares, representing 20% of the issued share capital of the Company as at the date of the last annual general meeting. The Company has not, since the date of the last annual general meeting, refreshed the General Mandate to allot, issue and deal with the Shares.

On 24 April, 2006, the Company entered into the Convertible Notes Subscription Agreements with the Investors whereby the Investors agreed to subscribe for Convertible Notes. Assuming the Convertible Notes are issued and converted in full at the initial conversion price of HK\$1.10 per Share, 70,909,090 Shares will fall to be issued which represent approximately 18.07% of the total number of Shares in issue as at the Latest Practicable Date. The Shares to be issued upon conversion of the Convertible Notes will be issued under the General Mandate. Accordingly, the General Mandate will be substantially utilised and leaving only 7,563,782 Shares, representing approximately 1.93% of the total number of Shares in issue as at the Latest Practicable Date. In order to maintain the Company's flexibility for any possible fund raising activities or future acquisitions, the Directors will seek the approval of the Independent Shareholders at the SGM for the Refreshed General Mandate so that the Directors could issue additional new Shares within a short period of time under the Refreshed General Mandate.

2. Financial flexibility in terms of capital-raising amount

The General Mandate has been substantially utilised. If the Refreshed General Mandate is approved and on the basis that no further Shares will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, up to 78,472,872 new Shares, representing 20% of the existing 392,364,362 issued Shares as at the Latest Practicable Date, could be allotted and issued by the Company under the Refreshed General Mandate.

In view that the General Mandate has been substantially utilised, the Directors consider that the Refreshed General Mandate will maintain the financial flexibility for raising capital for the Group as the Directors are authorised to issue additional new Shares under the Refreshed General

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Mandate and thereby raising additional capital for the Company. In addition, the Refreshed General Mandate provides an alternative means of financing to the Group when assessing and negotiating potential acquisitions. In this respect, we are of the view that the Refreshed General Mandate will maintain the financial flexibility for raising capital for the Group and the terms of the Refreshed General Mandate are fair and reasonable and the Refreshed General Mandate is in the interests of the Company and the Independent Shareholders as a whole.

3. Financial flexibility in terms of time required for raising capital

The Directors advised that, as at the Latest Practicable Date, no immediate funding was required for the operation of the business of the Group, and no definite investment plan which may require equity financing by issuing Shares was outstanding. However, the Group would not rule out any future opportunities to expand its business. The Directors confirmed that if any potential investors offer attractive terms for investment in the Shares and subject to the then market conditions, they will consider and may conduct an equity fund raising exercise by issuing new Shares. The Directors believe that funding requirement or appropriate investment opportunities may arise at any time before the next annual general meeting which is expected to be held in November, 2006, which is around six months from the Latest Practicable Date, and such funding or investment decisions may have to be met or made within a short period of time. The Directors consider that the Refreshed General Mandate is in the interest of the Company and the Independent Shareholders as a whole considering that the Refreshed General Mandate will enhance the financial flexibility for the Group as and when there are any transactions which require equity financing by issuing additional new Shares within a short period of time.

Taking into account (i) any funding requirement or appropriate investment opportunities that may arise at any time before the next annual general meeting; and (ii) any share placement exercises that are dependent, to a large extent, on market conditions and such opportunities may not always arise, we concur with the Directors that the Refreshed General Mandate could enhance the financing flexibility of the Group to respond to market conditions promptly and to raise capital within a short period of time if and when any equity financing should be required.

4. Other fund raising alternatives

Other than raising fund by equity capital, we understand from the Directors that the Group will also consider bank borrowings and fund through internal resources to meet its financing and business development needs. In so doing, the Directors will take into consideration the Group's financial position, funding costs and market condition from time to time before making investment decision. However, equity financing is interest and security free

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by nature, therefore we are of the view that the Refreshed General Mandate provides an additional tool to the Directors to finance the Group's business development needs.

5. *Potential dilution to shareholding of the Independent Shareholders*

We set out below a table depicting the shareholding structure of the Company as at the Latest Practicable Date and, for illustrative purpose, the shareholding structure of the Company assuming full utilisation of the Refreshed General Mandate:

	As at the Latest Practicable Date		After full utilisation of the Refreshed General Mandate	
	Share	%	Share	%
Mr. Chau	24,202,000	6.17	24,202,000	5.14
Chau's Family Turst	-	-	-	-
Yin Jin Hua	75,300,000	19.19	75,300,000	15.99
Placees	93,000,000	23.70	93,000,000	19.75
Other Public Shareholders	199,862,362	50.94	199,862,362	42.45
Shares to be issued under the Refreshed General Mandate	-	-	78,472,872	16.67
Total	392,364,362	100	470,837,234	100

Shareholders should be aware that the General Mandate will be revoked upon approval at the SGM of the Refreshed General Mandate and the Refreshed General Mandate will be and continue to be in force until the earliest of (i) the conclusion of the Company's next annual general meeting; (ii) the expiration of period within which the next annual general meeting of the Company is required by the Company's memorandum of association or bye-laws or any applicable law to be held; and (iii) the revocation or variation of the authority given under the relevant resolution to be proposed at the SGM of the Company by ordinary resolution of the Independent Shareholders in general meeting. Such duration is in compliance with Rule 13.36(3) of the Listing Rules. Upon full utilisation of the Refreshed General Mandate, 78,472,872 Shares will be issued, representing 20% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 16.67% of the enlarged issued share capital of the Company. Assuming no Shares will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the aggregate shareholding of the existing Independent Shareholders will decrease from approximately 93.83% to approximately 78.19% upon full utilisation of the Refreshed General Mandate. The existing Independent Shareholders will have a potential maximum decrease in shareholding of approximately 16.67% following the full utilisation of the

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Refreshed General Mandate. Taking into account that the Refreshed General Mandate will enhance the financial flexibility of the Group to raise additional capital within a short period of time whenever equity financing is required and the fact that the shareholding of all the Shareholders will be diluted to the same extent upon any utilisation of the Refreshed General Mandate with all other things being equal, we consider such dilution or potential dilution of shareholding of the Independent Shareholders to be acceptable.

RECOMMENDATION

Having taken into account the principal factors and reasons referred to the above, we are of the opinion that the terms of the Subscription and the Refreshed General mandate are fair and reasonable so far as the Independent Shareholders are concerned and the Subscription and the Refreshed General Mandate are in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Subscription and the Refreshed General Mandate.

Yours faithfully,
For and on behalf of
Hantec Capital Limited
Thomas Lai
Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests in shares and debt securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions held by the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:-

Long positions in shares of the Company

Director	Number of shares of the Company	Percentage of the issued share capital of the Company
Mr. Chau Lai Him	24,202,000	6.17%

Long positions in shares of associated corporations – Hua Yi Copper Holdings Limited ("Hua Yi Copper")

Director	Number of shares of Hua Yi Copper	Percentage of the issued share capital of Hua Yi Copper
Mr. Chau Lai Him	2,894,000	0.43%
Mr. Lau Man Tak	970,000	0.15%

Save as disclosed in this Circular, as at the Latest Practicable Date, none of the Directors of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders' and other shareholders' interests in the Company and the Group

As at the Latest Practicable Date, pursuant to the register kept by the Company under Section 336 of the SFO, the following persons had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:—

Long positions in shares of the Company

Name	Number of shares of the Company	Capacity	Percentage of issued share capital of the Company
Yin Jin Hua	75,300,000	beneficial owner	19.19%
Moore Michael William	40,672,727	interest of controlled corporation	10.36%
Penta Investment Advisers Ltd	40,672,727	investment manager	10.36%
Zwaanstra John	40,672,727	interest of controlled corporation	10.36%
Stark Investments (Hong Kong) Limited	28,363,636	investment manager	8.61%
Centar Investments (Asia) Ltd.	21,981,818	beneficial owner	6.67%
Chau Lai Him	24,202,000	beneficial owner	6.17%
Deutsche Bank Aktiengesellschaft	22,320,000	security interest in shares	5.69%
Credit Suisse Group	36,130,000	interest of controlled corporation	9.21%

Save as disclosed in this Circular, the Directors and chief executive of the Company are not aware of any person who, as at the Latest Practicable Date, had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(c) Other persons having interests or short positions in the Company and the Group

So far as is known to any Director, there is no other persons (other than those disclosed in this Circular), who has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital other than disclosed as follows:

Name of the Company's subsidiary	Substantial shareholder of such subsidiary	Nature of interest	Number of Existing Shares/ fully paid registered capital	Percentage of issued share capital/ registered capital
東莞新寶精化有限公司 Dongguan Xin Bao Precision Chemical Co., Ltd.	Luckyman Assets Management Limited	beneficial owner	HK\$6,750,000	15%
上海周氏電業有限公司 Shanghai Chau's Electrical Co., Ltd.	上海朱家角資產投資經營發展有限公司	beneficial owner	US\$875,000	35%
FT Multi-Media Limited	Nobleman Holdings Limited	beneficial owner	4,000 shares	40%

3. COMPETING INTERESTS

None of the Directors (as defined in the Listing Rules) and their respective associates have any interests in a business, which competes or may compete with the business of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into or proposed to enter into any service contract with any member of the Group which will not expire or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and, so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against any member of the Group.

6. EXPERT

Hantec is a licensed corporation under the SFO permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities (as defined in the SFO).

Hantec has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter as set out in this circular and references to its name in the form and context in which they appear respectively.

As at the Latest Practicable Date, Hantec was not beneficially interested in the share capital of any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, either direct or indirect, in any assets which has been since 30 June, 2005 (being the date to which the latest published audited financial statements of the Company were made up) acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June, 2005 (the date to which the latest published audited financial statements of the Group were made up).

8. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company is at No.7, 2nd Floor, Kingston Industrial Centre, 13 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong.
- (b) As at the Latest Practicable Date, there was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director was materially interested and which was significant in relation to the business of the Group.

- (c) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of or leased to, or which are proposed to be acquired, disposed of or leased to, the Company or any of its subsidiaries since 30 June, 2005 (the date to which the latest published audited financial statements of the Company were made up).
- (d) The Hong Kong branch share registrars and transfer office of the Company is Secretaries Limited located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (e) The company secretary and the qualified accountant of the Company is Mr. Lau Man Tak. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (f) The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

9. DOCUMENT AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) at the head office and principal place of business of the Company in Hong Kong at No.7, 2nd Floor, Kingsford Industrial Centre, 13 Wang Hoi Road, Kowloon Bay, Hong Kong from the date of this circular up to and including 5 June, 2006, being the date of the SGM:–

- (a) the memorandum of association and Bye-laws of the Company;
- (b) the annual reports of the Company for each of the two years ended 31 March, 2004 and 30 June, 2005 respectively;
- (c) the letter from the Independent Board Committee, the text of which is set out on pages 12 to 13 of this circular;
- (d) the letter from Hantec, the text of which is set out on pages 14 to 24 of this circular;
- (e) the written consent from Hantec referred to in the paragraph headed "Expert" in this appendix; and
- (f) the Subscription Agreement.

NOTICE OF SGM



SOLARTECH INTERNATIONAL HOLDINGS LIMITED

榮盛科技國際控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1166)

NOTICE IS HEREBY GIVEN that the Special General Meeting (the “Meeting”) of Solartech International Holdings Limited (the “Company”) will be held at Academy Room I & II, 1/F Intercontinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 5 June, 2006 at 10:30 a.m. for the following purposes considering and if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

“A. THAT:

- (a) the subscription agreement dated 20 April, 2006 (the “Subscription Agreement”) between Mr. Chau Lai Him and Chau’s Family 1996 Limited (together, the “Subscribers”) dated 20 April, 2006 in relation to the subscription of up to 93,000,000 shares of HK\$0.01 each in the capital of the Company (the “Subscription Shares”) be and is hereby approved; and
- (b) the issue and allotment of the Subscription Shares to the Subscribers pursuant to the Subscription Agreement be and is hereby approved.”

“B. THAT:

- (a) the general mandate granted to the directors of the Company (the “Directors”) to exercise the powers of the Company to allot, issue and deal with the unissued share of HK\$0.01 each in the capital of the Company (the “Shares”) at the annual general meeting of the Company held on 10 November, 2005 be and is hereby revoked to the extent not yet exercised prior to the passing of this resolution provided that any exercise of powers of the Company to allot and issue Shares prior to the passing of this resolution shall not in any way be affected or prejudiced;
- (b) subject to paragraph (d) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares be and is hereby generally and unconditionally approved;

* For identification purposes only

NOTICE OF SGM

- (c) the approval in paragraph (b) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the expiry of the Relevant Period;
- (d) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval granted in paragraph (b) of this Resolution, otherwise than pursuant to:-
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) an issue of shares as scrip dividends or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Bye-laws of the Company;
 - (iii) an issue of shares pursuant to the exercise of the rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into Shares; and
 - (iv) an issue of shares by the exercise of options granted under the share option scheme of the Company,

shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution, and the approval granted in paragraph (a) of this Resolution shall be limited accordingly; and

- (e) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:-

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

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“Rights Issue” means an offer of shares open for a period fixed by the Directors to the shareholders of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

By order of the Board
Lau Man Tak
Secretary

Hong Kong, 17 May, 2006

Notes:

- (1) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy in respect of part only of his holding of shares in the Company to represent him and vote on his behalf at the meeting of the Company. A proxy need not be a member of the Company. In addition, proxy or proxies representing either an individual member or a member which is a corporation, shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
- (2) A form of proxy for use at the meeting is enclosed.
- (3) In order to be valid, the form of proxy must be deposited at the head office and principal place of business of the Company in Hong Kong at No.7, 2nd Floor, Kingsford Industrial Centre, 13 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong, together with any power of attorney or other authority, if any, under which it is signed, or a certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjournment thereof.
- (4) In accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the resolutions will be determined by way of a poll.