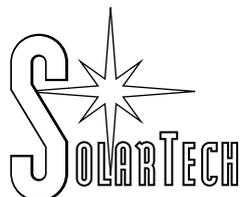


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## **SOLARTECH INTERNATIONAL HOLDINGS LIMITED**

**榮盛科技國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1166)**

### **ACQUISITION OF BRASCABOS CONSTITUTING A MAJOR TRANSACTION AND RESUMPTION OF TRADING OF SHARES**

Reference is made to the announcements made by the Company on 18 April and 15 May 2006 in relation to the Acquisition.

On 30 May 2006, the Company entered into the Quota Purchase Agreement with the Sellers in relation to the Acquisition for an aggregate consideration of US\$10,000,000 (approximately HK\$78,000,000) and guaranteeing the repayment of the Shareholders' Loan in an amount of not more than US\$4,000,000 (approximately HK\$31,200,000). Completion is conditional upon certain conditions as set out in detail below.

Brascabos is a subsidiary of Whirlpool S.A. in Brazil and is principally engaged in the production of cable products and automotive harness.

The Acquisition constitutes a major transaction for the Company under the Listing Rules and is subject to Shareholders' approval. A circular containing, among other things, details of the Acquisition, together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

As required under the Listing Rules and at the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on Thursday, 1 June, 2006 pending release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on Monday, 5 June, 2006.

#### **QUOTA PURCHASE AGREEMENT**

Date : 30 May 2006

Parties : (i) The Purchaser  
(ii) The Sellers

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, the Sellers and their ultimate beneficial owners are Independent Third Parties.

Assets to be acquired : The Sale Interest

Following completion of the Quota Purchase Agreement, there will no restriction which applies to the subsequent sale of the Sale Interest.

\* for identification only

- Consideration : an aggregate of US\$10,000,000 for the Sale Interest, payable in the following manner:
- (i) US\$6,500,000 to the Sellers on the Closing Date;
  - (ii) subject to (iii) below, the Purchaser shall pay the remaining balance of US\$3,500,000 to the Sellers in four (4) equal installments of US\$875,000 on each anniversary of the Closing Date with the first anniversary being in 2007;
  - (iii) within 10 Business Days after the Closing Date Balance Sheet has been finally determined, should the net asset value of Brascabos reflected on the Closing Date
    - (a) exceed US\$6,500,000, the Purchaser shall pay to the Sellers such excess amount and the first installment payable pursuant to (ii) above in 2007 shall be correspondingly reduced and if the amount of such excess is greater than the amount of the first installment, then the second installment shall be correspondingly reduced and so on; and
    - (b) be less than US\$6,500,000, the first installment payable pursuant to (ii) above in 2007 shall be correspondingly reduced to the extent of such shortfall (up to a maximum reduction of US\$875,000) and the remaining three installments shall each be increased by one-third of such shortfall.

The Consideration was agreed after arm's length negotiations between the Company and the Vendors, after taking into account the unaudited net asset value of Brascabos as at 30 April 2006 and the terms of the Supplier Sourcing Agreement.

In addition, the Purchaser will guarantee the repayment of the Shareholders' Loan in an amount of not more than US\$4,000,000 (approximately HK\$31,200,000), if such loans are not repaid in 2 equal installments on each of: (i) the date which falls 6 months after the Closing Date; and (ii) the date which falls 15 months after the Closing Date, provided that if the aggregate amount of the Shareholder's Loans due as at the Closing Date exceeds US\$2,600,000, repayment shall be in 3 equal installments, the third installment to be paid on the date which falls 24 months after the Closing Date, together with simple interest on the outstanding balance at the rate of 3-month LIBOR for U.S. dollar deposits.

The Acquisition will be funded by the proceeds from the placing and the subscription, together with the issue of the convertible notes referred to in the Company's announcements dated 25 April and 9 May 2006 and the circular dated 17 May 2006.

- Conditions : The obligation of Sellers to consummate the transactions contemplated by the Quota Purchase Agreement shall be subject to, among others, the following conditions:
- (i) regulatory compliance with and necessary third party consents having been obtained, including but not limited to approval by Shareholders; and
  - (ii) the Supplier Sourcing Agreement and the Transitional Support Agreement (which are already in agreed form) being signed.

If the Conditions are not fulfilled or waived in accordance with the terms of the Quota Purchase Agreement on or before 30 September 2006, the Quota

Purchase Agreement shall lapse unless parties otherwise agree to an extension.

Closing Date : The day on which completion of the Quota Purchase Agreement shall take place, being the fifth Business Day following the date on which the last of the conditions to Closing have been fulfilled.

Upon completion of the Quota Purchase Agreement, Brascabos will be a subsidiary of the Company.

#### **SUPPLIER SOURCING AGREEMENT**

Pursuant to the Quota Purchase Agreement, Whirlpool S.A. and Brastemp will on the Closing Date enter into a 5-year exclusive Supplier Sourcing Agreement with Brascabos whereby Whirlpool S.A. and Brastemp will purchase from Brascabos 100% of their requirements for certain materials used in their manufacture process in South America (so long as Brascabos is able to meet the relevant product specifications) exclusively for the first 4 years after the Closing Date and, depending on competitive performance (in terms of prices, quality and other performance criteria), exclusivity for a further one year.

#### **TRANSITIONAL SUPPORT AGREEMENT**

On the Closing Date, an interim Transitional Support Agreement will be entered into between Brascabos and Brastemp, whereby Brastemp will continue to provide all of the services which, immediately prior to the Closing Date, it provides to Brascabos for (a) a period of 90 days from the Closing Date; or (b) until the Purchaser has made alternative arrangements in respect of Brascabos, whichever first occurs. This transitional support services are primarily for administrative and human resource management services and are expected to cost approximately R\$27,000 (approximately HK\$90,450) per month. The terms of this agreement have been determined by reference to the rates at which such services have been charged to Brascabos and Brastemp has represented that these charges are in line with such historical charges.

#### **INFORMATION ON THE PARTIES**

The Company and its subsidiaries are principally engaged in the business of manufacture of and trading in cables and wires, copper rods and connectors and terminals.

Brascabos was founded in 1985 in Brazil and is one of the leading manufacturers of power cords and wire harness for the White Goods and automotive parts industry in Brazil. It also manufactures electronic controls and sensor devices. In the White Goods industry, Brascabos' products are used in laundry, cooking and cooling appliances. Other applications include automobiles, communication devices, computer audio and video equipment and industrial applications. Brascabos also holds patents for certain proprietary processes and products.

According to the financial statements of Brascabos which have been prepared in accordance with Brazilian generally accepted accounting principles, the unaudited net asset value of Brascabos as at 31 December 2004 and 2005 was R\$14,717,000 (approximately HK\$49,301,950) and R\$14,312,000 (approximately HK\$47,945,200) respectively. The unaudited net profit (before taxation and extraordinary items) of Brascabos for the financial years ended 31 December 2004 and 2005 were R\$2,443,000 (approximately HK\$8,184,050) and R\$85,000 (approximately HK\$284,750) respectively. The unaudited net profit (after taxation and extraordinary items) of Brascabos for the financial years ended 31 December 2004 and 2005 were R\$1,564,000 (approximately HK\$5,239,400) and R\$110,000 (approximately HK\$368,500) respectively.

Whirlpool S.A. is a subsidiary of Whirlpool based in Brazil and the Directors believe that Whirlpool S.A. is the largest White Goods manufacturer in Brazil. Brastemp is a subsidiary of Whirlpool S.A. principally engaged in the manufacture, trading, importation and exportation of household appliances, White Goods, electro-domestic products and related components.

#### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

Latin America is considered one of the fast growing economic sectors in the world and the Acquisition is consistent with the Company's strategy of establishing a manufacturing facility in Latin America so as to capture the economic opportunities there. In addition, Brascabos is also engaged in the manufacturing of harness for automotive industry and the Acquisition will pave the way for the Company to enter into such business. The Directors believe that by leveraging off the experience of Brascabos, it would be better placed to develop potential business opportunities in the automotive industry in China.

The Directors consider that the terms of the Acquisition are fair and reasonable, and the entering into the Quota Purchase Agreement is in the interest of the Company and the shareholders of the Company as a whole.

The Acquisition constitutes a major transaction for the Company under the Listing Rules, therefore it is subject to the Shareholders' approval under Chapter 14 of the Listing Rules. A circular containing, among other things, details of the Acquisition and a notice convening the SGM of the Company will be despatched to the Shareholders as soon as practicable.

## **RESUMPTION OF TRADING OF SHARES**

As required under the Listing Rules and at the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on Thursday, 1 June, 2006 pending release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on Monday, 5 June, 2006.

## **DEFINITIONS**

The following terms are used in this announcement with the meanings assigned to them below:–

“Acquisition”	the acquisition of the Sale Interests
“Board”	the board of Directors
“Brascabos”	Brascabos Componentes Eléctricos e Eletrônicos Ltda., a Brazilian limited liability company which is a subsidiary of Whirlpool S.A. and an Independent Third Party
“Brasmotor”	Brasmotor S.A, a company incorporated in Brazil, a subsidiary of Whirlpool S.A. and an Independent Third Party
“Brastemp”	Brastemp da Amazônia S.A., a company incorporated in Brazil, a subsidiary of Whirlpool S.A. and an Independent Third Party
“Closing”	completion of the Quota Purchase Agreement
“Closing Date”	the day on which completion of the Quota Purchase Agreement shall take place, being the fifth Business Day following the date on which the last of the conditions to Closing have been fulfilled
“Closing Date Balance Sheet”	an audited balance sheet for Brascabos as at the close of business on the Closing Date, to be prepared within 30 days of the Closing Date
“Company” or “Purchaser”	Solartech International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	Director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Independent Third Party”	third party independent of the Company and of connected persons (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	the Company
“Quota Purchase Agreement”	the formal quota purchase agreement entered into between the Sellers and the Company dated 30 May 2006 for the Acquisition
“R\$”	Brazilian Reais, the lawful currency of Brazil

“SGM”	the special general meeting of the Company be convened to approve, amongst other things, the Acquisition
“Sale Interest”	100% of the equity interest in Brascabos
“Sellers”	Whirlpool S.A. and Brasmotor, who together owns 100% interest in Brascabos
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Shareholders’ Loans”	the shareholders’ loans advanced by the Sellers to Brascabos
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplier Sourcing Agreement”	the supplier sourcing agreement to be entered into by Whirlpool S.A., Brastemp and Brascabos pursuant to the Quota Purchase Agreement
“Transitional Support Agreement”	the transitional support agreement to be entered into by Brascabos and Brastemp for interim provision of primarily administrative and human resource management services
“Whirlpool”	Whirlpool Corporation, a listed company in the USA and an Independent Third Party
“Whirlpool S.A.”	Whirlpool S.A. (formerly Multibrás S.A. Electrodomesticos), a company incorporated in Brazil and a subsidiary of Whirlpool and an Independent Third Party
“White Goods”	large electrical home appliances

By order of the Board  
**Solartech International Holdings Limited**  
**Chau Lai Him**  
*Chairman and Managing Director*

Hong Kong, 2 June, 2006

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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.*

*As at the date of this announcement, the executive directors are Mr. Chau Lai Him, Mr. Zhou Jin Hua, Mr. Lau Man Tak and Mr. Liu Jin Rong and the independent non-executive directors are Mr. Lo Kao Cheng, Mr. Lo Wai Ming and Mr. Chung Kam Kwong.*

“Please also refer to the published version of this announcement in South China Morning Post, The Standard and China Daily.”