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SOLARTECH INTERNATIONAL HOLDINGS LIMITED

星凱控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1166)

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTIES

The Board announces that on 13 July 2022 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, respectively entered into (i) the Workshops Preliminary Agreement with Purchaser A, pursuant to which the Vendor has agreed to dispose of, and Purchaser A has agreed to purchase, the Workshops at the consideration of HK\$50,000,000; and (ii) the Carpark Preliminary Agreement with Purchaser B, pursuant to which the Vendor has agreed to dispose of, and Purchaser B has agreed to purchase, the Parking Space at the consideration of HK\$2,500,000. The total consideration for the Disposal is HK\$52,500,000.

Pursuant to the terms of the Workshops Preliminary Agreement and the Carpark Preliminary Agreement, the Vendor and the Purchasers will enter into formal agreements for the sale and purchase of the Properties on or before 28 July 2022. Completion of the Disposal is expected to take place on or before 13 October 2022.

As Purchaser B is the spouse of the ultimate beneficial owner of Purchaser A, the transactions contemplated under the Workshops Preliminary Agreement and the Carpark Preliminary Agreement shall be aggregated as a single transaction under the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal, on an aggregated basis, exceed 5%, but are all less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

* For identification purposes only

The board of directors (the “**Board**”) of Solartech International Holdings Limited (the “**Company**”) announces that on 13 July 2022 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, respectively entered into (i) the Workshops Preliminary Agreement with Purchaser A, pursuant to which the Vendor has agreed to dispose of, and Purchaser A has agreed to purchase, the Workshops at the consideration of HK\$50,000,000; and (ii) the Carpark Preliminary Agreement with Purchaser B, pursuant to which the Vendor has agreed to dispose of, and Purchaser B has agreed to purchase, the Parking Space at the consideration of HK\$2,500,000. The total consideration for the Disposal is HK\$52,500,000.

The principal terms of the Preliminary Agreements are as follows:

I. THE WORKSHOPS PRELIMINARY AGREEMENT

Date	: 13 July 2022
Vendor	: Chau’s Electrical Company Limited
Purchaser	: Hongkong Breezy Point Holdings Limited
Property	: Workshop 7 with 2 lightwell spaces on 2nd floor (“ Workshop 7 ”) and Workshop 5 on 1st floor (“ Workshop 5 ”), Kingsford Industrial Centre, No. 13 Wang Hoi Road, Kowloon, Hong Kong
Consideration	: HK\$50,000,000
Payment terms	: (1) HK\$2,500,000 shall be paid upon signing of the Workshops Preliminary Agreement as initial deposit; (2) HK\$2,500,000 shall be paid on or before 28 July 2022 as further deposit; and (3) HK\$45,000,000 shall be paid upon completion of the Disposal on or before 13 October 2022.
Formal agreement	: The Vendor and Purchaser A will enter into a formal agreement for the sale and purchase of the Workshops on or before 28 July 2022.
Completion	: Completion shall take place on or before 13 October 2022.

- Other terms** : (1) Purchaser A shall acquire Workshop 7 subject to an existing tenancy.
- (2) Upon completion, Purchaser A as landlord and the Group as tenant will enter into a tenancy agreement in relation to Workshop 5 at the monthly rent of HK\$10,000 (inclusive of management fee, rates and government rent) for a term of one year commencing from the date of completion.

II. THE CARPARK PRELIMINARY AGREEMENT

- Date** : 13 July 2022
- Vendor** : Chau's Electrical Company Limited
- Purchaser** : Mr. Chen Weigang (陳偉鋼)
- Property** : Car park No. L5 on 1st floor, Kingsford Industrial Centre, No. 13 Wang Hoi Road, Kowloon, Hong Kong
- Consideration** : HK\$2,500,000
- Payment terms** : (1) HK\$125,000 shall be paid upon signing of the Carpark Preliminary Agreement as initial deposit;
- (2) HK\$125,000 shall be paid on or before 28 July 2022 as further deposit; and
- (3) HK\$2,250,000 shall be paid upon completion of the Disposal on or before 13 October 2022.
- Formal agreement** : The Vendor and Purchaser B will enter into a formal agreement for the sale and purchase of the Parking Space on or before 28 July 2022.
- Completion** : Completion shall take place on or before 13 October 2022.
- Other term** : Purchaser B shall acquire the Parking Space subject to an existing tenancy.

Pursuant to the Preliminary Agreements, in view of the COVID-19 pandemic, if the Vendor, the Purchasers or their respective solicitor is required to be isolated, put under quarantine or medical surveillance under relevant laws and regulations in Hong Kong or by the orders of the government authority, the dates of entering into of the formal agreements, paying further deposit and completion shall be postponed to the third business day after the above restriction is lifted.

The consideration for the Disposal under the Preliminary Agreements was determined after arm's length negotiation between the Vendor and the Purchasers with reference to the valuation of the Properties conducted by an independent valuer as at 31 December 2021 of approximately HK\$59,300,000 (the "**Appraised Value**") and the recent property market conditions in Hong Kong.

INFORMATION OF THE PROPERTIES

The Properties are owned by the Vendor. The total gross floor area and total saleable area of the Workshops are approximately 10,625 sq. ft. and 9,775 sq. ft., respectively. As at the date of the Preliminary Agreements, (i) Workshop 5 is being used by the Vendor; and (ii) Workshop 7 and the Parking Space are investment properties, which have been leased to an Independent Third Party at the monthly rent of HK\$125,000 for a term of four years commencing from 1 June 2020 to 31 May 2024. The Purchasers will acquire Workshop 7 and the Parking Space subject to the existing tenancy.

As at the date of the Preliminary Agreements, the Properties are subject to a legal charge in favour of a financial institution to secure the granting of general credit facilities (the "**General Credit Facilities**") by such financial institution to the Vendor.

INFORMATION OF THE VENDOR AND THE GROUP

The Vendor, an indirect wholly-owned subsidiary of the Company, is a company incorporated in Hong Kong with limited liability. It is principally engaged in manufacture and trading of cable and wire products and property holding.

The Group is principally engaged in the cables and wires business, copper rod business, property investment business, holding of mining rights and advertising business.

INFORMATION OF THE PURCHASERS

Purchaser A is a limited liability company incorporated in Hong Kong on 14 June 2022. Its entire issued share capital is owned by Ms. Yang Wei (楊薇) ("**Ms. Yang**"), who is a private investor. Based on the information provided by Purchaser A, save as entering into the Workshops Preliminary Agreement, Purchaser A has not commenced any business.

As advised by the Purchasers, Purchaser B is the spouse of Ms. Yang and is a private investor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchasers and Ms. Yang are Independent Third Parties.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

The carrying value of the Properties as shown in the unaudited consolidated accounts of the Company as at 31 December 2021 was approximately HK\$52,233,000. Subject to review and confirmation by the auditors of the Company, the Group is expected to record a gain of approximately HK\$267,000 from the Disposal, which is calculated based on the consideration received by the Group for the Disposal less the carrying value of the Property as at 31 December 2021 before any related expenses.

It is estimated that the net proceeds from the Disposal (after deduction of agency fees, legal fees and ancillary expenses) would be approximately HK\$51,500,000. The Company intends to use the net proceeds from the Disposal for repayment of the outstanding principal and accrued interest under the General Credit Facilities.

REASONS FOR AND BENEFITS OF THE DISPOSAL

In view of the uncertainty and volatility in the local property market due to the persistence of the COVID-19 pandemic as well as the contemplation of increase in interest rate in Hong Kong, there is no guarantee that the Properties will continue to enjoy further capital appreciation. Although the consideration for the Disposal represents a discount of approximately 11.5% to the Appraised Value, the Directors considered that such discount is not unreasonable, as the Disposal represents a good opportunity for the Group to realise its investment in the Properties and enhance the liquidity of the Group amid the uncertainty in the local economy. The Group intends to use the net proceeds from the Disposal for partial repayment of its loans, thereby reducing future interest expenses and lowering the gearing ratio of the Group.

Having considered the above, the Directors are of the view that (i) the Disposal and the transactions contemplated under the Preliminary Agreements are on normal commercial terms; and (ii) the terms, including the consideration, of the Preliminary Agreements, which were determined after arm's length negotiations between the parties, are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As Purchaser B is the spouse of the ultimate beneficial owner of Purchaser A, the transactions contemplated under the Workshops Preliminary Agreement and the Carpark Preliminary Agreement shall be aggregated as a single transaction under the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal, on an aggregated basis, exceed 5%, but are all less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Carpark Preliminary Agreement”	the preliminary sale and purchase agreement dated 13 July 2022 entered into between the Vendor and Purchaser B in relation to the sale and purchase of the Parking Space
“Company”	Solartech International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange (stock code: 1166)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Properties by the Vendor to the Purchasers pursuant to the terms of the Preliminary Agreements
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) and their ultimate beneficial owner(s) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parking Space”	Car park No. L5 on 1st floor, Kingsford Industrial Centre, No. 13 Wang Hoi Road, Kowloon, Hong Kong

“Preliminary Agreements”	collectively, the Workshops Preliminary Agreement and the Carpark Preliminary Agreement
“Properties”	collectively, the Workshops and the Parking Space
“Purchaser A”	Hongkong Breezy Point Holdings Limited (香港華成控股有限公司), a company incorporated in Hong Kong with limited liability
“Purchaser B”	Mr. Chen Weigang (陳偉鋼)
“Purchasers”	collectively, Purchaser A and Purchaser B
“Share(s)”	the ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Chau’s Electrical Company Limited (周氏電業有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Workshops”	the properties situated at Workshop 7 with 2 lightwell spaces on 2nd floor and Workshop 5 on 1st floor, Kingsford Industrial Centre, No. 13 Wang Hoi Road, Kowloon, Hong Kong
“Workshops Preliminary Agreement”	the preliminary sale and purchase agreement dated 13 July 2022 entered into between the Vendor and Purchaser A in relation to the sale and purchase of the Workshops
“%”	per cent.

On behalf of the Board
Solartech International Holdings Limited
Chau Lai Him
Chairman and Managing Director

Hong Kong, 13 July 2022

As at the date of this announcement, the executive Directors are Mr. Chau Lai Him, Mr. Chau Chi Ho and Mr. Liu Dong Yang and the independent non-executive Directors are Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming.