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SOLARTECH INTERNATIONAL HOLDINGS LIMITED

蒙古礦業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1166)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF A POSSIBLE ACQUISITION OF RARE EARTH MINING RIGHTS IN MONGOLIA

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that on 5 January 2011, the Company and the Proposed Vendor entered into the MOU in relation to the Proposed Acquisition pursuant to which the Company proposes to acquire from the Proposed Vendor the entire issued share capital of the Target Company, at a price and on further terms and conditions to be agreed. The Target Company is incorporated in Mongolia and is the registered holder of a mining licence and two exploration licences in respect of certain rare earth mining sites located in Mongolia. Details of the principal terms of the MOU are set out below.

As at the date of this announcement, no definitive terms have been agreed and no formal agreement in relation to the Proposed Acquisition has been entered into and the Proposed Acquisition may or may not proceed.

**AS THE PROPOSED ACQUISITION MAY OR MAY NOT PROCEED,
SHAREHOLDERS AND INVESTORS SHOULD EXERCISE CAUTION IN
DEALING IN THE SHARES OF THE COMPANY.**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

* *For identification purposes only*

MEMORANDUM OF UNDERSTANDING

The Board is pleased to announce that on 5 January 2011, the Company and the Proposed Vendor entered into the MOU in relation to the Proposed Acquisition pursuant to which the Company proposes to acquire from the Proposed Vendor the entire issued share capital of the Target Company, at a price and on further terms and conditions to be agreed.

THE TARGET COMPANY

The Target Company is incorporated in Mongolia and is the registered holder of a mining licence and two exploration licences in respect of certain rare earth mining sites located in a place named Sondiin Am, Bayantsagaan soum, Tov province, Mongolia. The Proposed Vendor is the legal and beneficial owner of the entire issued share capital of the Target Company.

To the best of the Director's knowledge, information and belief, and having made all reasonable enquires, the Proposed Vendor is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

PRINCIPAL TERMS OF THE MOU

The Proposed Acquisition

The Proposed Vendor proposes to sell and the Company proposes to buy, at the Company's discretion, the entire issued share capital of the Target Company.

The Proposed Acquisition is subject to the following:

- (i) the Company having conducted and being satisfied with the results of its legal, financial, technical, business and other due diligence review in relation to the Target Company and the mining and exploration licences and other assets and rights held or controlled by the Target Company;
- (ii) the satisfactory execution, delivery and completion of all definitive contractual documentation governed by Hong Kong law and in respect of the Proposed Acquisition; and
- (iii) the obtaining of any and all corporate approvals and any approvals or consents from any and all governmental or regulatory authorities (including the Stock Exchange and/or the Hong Kong Securities and Futures Commission) required for the Proposed Acquisition.

Exclusivity

Under the MOU, the Proposed Vendor has granted the Company the exclusive right to negotiate with the Proposed Vendor with a view to agreeing and executing a definitive agreement in relation to the Proposed Acquisition for a period of four months from the date of the MOU and expiring on 4 May 2011 (the "**Exclusivity Period**").

The Company is entitled to extend the Exclusivity Period for a further three months by notifying the Proposed Vendor in writing no later than two days prior to the expiration of the Exclusivity Period.

GENERAL

As at the date of this announcement, no definitive terms have been agreed and no formal agreement in relation to the Proposed Acquisition has been entered into and the Proposed Acquisition may or may not proceed. Other than provisions relating to exclusivity, cost and expenses, confidentiality, binding effect, general clauses and governing law and jurisdiction, the terms set out in the MOU are not legally-binding.

AS THE PROPOSED ACQUISITION MAY OR MAY NOT PROCEED, SHAREHOLDERS AND INVESTORS SHOULD EXERCISE CAUTION IN DEALING IN THE SHARES OF THE COMPANY.

Further announcement in respect of the Proposed Acquisition will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

DEFINITIONS

Unless the context requires otherwise, capitalized terms used herein shall have the following meanings:

“Board”	the board of Directors;
“Company”	Solartech International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	The Rules Governing the listing of Securities on the Stock Exchange;
“MOU”	the memorandum of understanding dated 5 January 2011 between the Company and the Proposed Vendor in relation to the Proposed Acquisition;
“Proposed Acquisition”	the proposed acquisition by the Company (or its subsidiary) of the entire issued share capital of the Target Company from the Proposed Vendor as described under the section “The Proposed Acquisition” in this announcement;

“Proposed Vendor”	Mr. Uuld Vojin Gantumur, holder of a Mongolia identity card, who is currently the legal and beneficial owner of the entire issued share capital of the Target Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Target Company”	Vangyunshing LLC, a company incorporated in Mongolia and is the registered holder of a mining licence and two exploration licences in respect of certain rare earth mining sites located in a place named Sondiin Am, Bayantsagaan soum, Tov province, Mongolia.

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

Hong Kong, 5 January 2011

As at the date of this announcement, the executive Directors are Mr. Chau Lai Him, Mr. Zhou Jin Hua, Mr. Liu Dong Yang and Mr. Buyan-Otgon Narmandakh and the independent non-executive Directors are Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming.