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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)**

### **DISCLOSEABLE TRANSACTION**

After trading hours of the Stock Exchange on 5 July 2011, the Company and Expert Assets (an indirect wholly-owned subsidiary of the Company), entered into the Agreement with the Vendor and the Guarantor pursuant to which Expert Assets has conditionally agreed to acquire from the Vendor the Sale Shares. The Sale Shares will, upon Completion, represent 10% of the total issued share capital of the Target Company, which holds the entire equity interest in MCM, a Mongolian incorporated company and the holder of the MCM Exploration Licence.

The Consideration for the Sale Shares payable under the Agreement is HK\$100,000,000 and shall be satisfied by Expert Assets by (i) payment of HK\$50,000,000 in cash as a deposit upon signing of the Agreement; and (ii) payment of the balance of HK\$50,000,000 in cash at Completion.

Since the applicable percentage ratios of the Acquisition exceed 5% but are less than 25%, the Acquisition will constitute a discloseable transaction for the Company for the purposes of, and are subject to the reporting and announcement requirements under, Chapter 14 of the Listing Rules.

**THE AGREEMENT IS CONDITIONAL UPON THE SATISFACTION OF A NUMBER OF CONDITIONS PRECEDENT. THEREFORE THE ACQUISITION MAY OR MAY NOT PROCEED. INVESTORS AND SHAREHOLDERS ARE ADVISED TO EXERCISE CAUTION IN DEALING IN THE COMPANY'S SECURITIES.**

\* For identification purposes only

The Board is pleased to announce that the Company and Expert Assets (an indirect wholly owned subsidiary of the Company) entered into the Agreement with the Vendor and the Guarantor after the trading hours of the Stock Exchange on 5 July 2011 in relation to the Acquisition. Details of the Agreement are set out below.

## **THE AGREEMENT**

### **Date**

5 July 2011

### **Parties**

- (i) the Company as the guarantor of Expert Assets;
- (ii) Expert Assets (an indirectly wholly-owned subsidiary of the Company) as the purchaser;
- (iii) the Vendor; and
- (iv) Mr. Batmunkh Dulamjav as the Guarantor of the Vendor.

The Vendor is directly wholly-owned by the Guarantor. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor and the Guarantor are third parties independent of the Company and its connected persons. The Group has not engaged in any previous transactions which were related to the transactions contemplated under the Agreement or with the Vendor or the Guarantor in the last 12 months which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

### **Assets to be acquired**

Pursuant to the Agreement, the Vendor has agreed to sell to Expert Assets the Sale Shares, representing, at Completion, 10% of the issued share capital of the Target Company.

### **Consideration**

The total consideration for the Acquisition is HK\$100,000,000 and shall be satisfied as follows:

- (i) as to HK\$50,000,000 in cash as a deposit payable upon signing of the Agreement; and
- (ii) as to the balance of HK\$50,000,000 in cash payable upon Completion.

Within 60 days of signing of the Agreement, the Vendor shall deliver to Expert Assets a bank guarantee in an amount equivalent to the Deposit, as security for the refund of the Deposit, which bank guarantee will be returned upon Completion by Expert Assets to the Vendor for cancellation.

The Consideration will be financed partly from the proceeds of the placing under the specific mandate granted at the special general meeting of the Company held on 23 March 2010 and partly from external debt and/or equity fund raising. At the date of this announcement, the Company has not made any definitive decision or plans in relation to such external fund raising.

### **Conditions**

Completion of the Agreement is conditional on the following conditions being satisfied or (if applicable) waived on or before the Long Stop Date:

- (i) Expert Assets conducting legal, financial and business due diligence in relation to the Target Company, MCM, the Mine and the MCM Mineral Rights and the results of such due diligence being satisfactory to Expert Assets, including (but not limited to) obtaining formal legal opinions from Mongolian and British Virgin Islands counsel in respect of the abovementioned in forms satisfactory to Expert Assets;
- (ii) the obtaining by MCM of the MCM Mining Licence;
- (iii) the obtaining of all licences, consents, approvals, authorisations, permissions, waivers, orders or exemptions from, or required or directed to be obtained by, government or regulatory authorities (including the Hong Kong Stock Exchange) or third parties which are necessary in connection with the execution and performance of the Agreement and the transactions contemplated thereunder;
- (iv) no Specific Termination Event having occurred unless remedied by the Vendor to Expert Assets' reasonable satisfaction or waived in writing by Expert Assets;
- (v) the issue by the Target Company of an additional 99 Shares to the Vendor so that, immediately prior to Completion, the total issue share capital of the Target Company shall comprise 100 Shares;
- (vi) the Technical Report having been duly issued stating, amongst other things, that the total estimated Copper Mineral Resources of the Mine to be no less than:
  - (a) Measured Copper Mineral Resource — 100,000 tonnes; and
  - (b) Indicated Copper Mineral Resource — 250,000 tonnesand in such form and substance satisfactory to Expert Assets; and
- (vii) the Final Valuation Report having been duly issued in a form and substance satisfactory to Expert Assets showing a valuation for MCM of not less than US\$175,200,000.

Expert Assets may waive conditions (i), (ii), (iv), (vi) and (vii) in whole or in part at any time on or before the Long Stop Date in writing. Expert Assets and the Vendor shall use all reasonable endeavours to satisfy or procure the satisfaction of each of the conditions not already satisfied or waived as soon as possible and in any event on or before the Long Stop Date.

Subject as set out in the section headed “Consideration adjustment”, if any of the conditions (a) remains unsatisfied on the day falling on the expiry of the Long Stop Date and has not been waived on or before that date; or (b) becomes impossible to satisfy on or before the day falling on the expiry of the Long Stop Date and, if it is a condition which can be waived by a party to the Agreement, has not been waived within five (5) Business Days of such condition becoming impossible to satisfy, the Agreement shall automatically terminate with immediate effect and each party’s rights and obligations other than those specified in the Agreement shall cease immediately on termination. Such termination shall not affect the rights and obligations of the Vendor or Expert Assets existing before termination.

### **Consideration adjustment**

The parties agreed that in the event the conditions set out in (vi) and/or (vii) above is/are not satisfied on or before the Long Stop Date and Expert Assets elects to waive either or both such conditions, the full amount of the Consideration paid by Expert Assets at Completion shall be adjusted downward by an amount calculated as follows:

$$\text{Amount of adjustment} = (A - B) \times \frac{10}{100}$$

where:

A = is US\$175,200,000; and

B = is the valuation of MCM as determined by the Final Valuation Report.

For the avoidance of doubt, in no circumstances will the Full Consideration be increased.

### **Basis of determination of Consideration**

The Consideration was determined after arm’s length negotiations between the Company and the Vendor. In determining the Consideration, the Board has made reference to the Preliminary Valuation Report in respect of MCM prepared by the Independent Valuer, and the Exploration Report and Pre-feasibility Study Report each prepared by the Mongolian Consultant in respect of the Mine.

The Preliminary Valuation Report was prepared in accordance with the HKIS Valuation Standards on Trade-related Business Assets and Business Enterprise (First Edition 2004) published by the Hong Kong Institute of Surveyors and the Business Valuation Standards (First Printed 2005) published by the Hong Kong Business Valuation Forum.

The valuation opinion under the Preliminary Valuation Report was arrived at based on, among other things, financial information in respect of MCM, the Exploration Report and the Pre-feasibility Study Report, as well as other statistical data and information from external public sources concerning the copper mining and processing industries in Mongolia believed to be relevant by the Independent Valuer. Taking into consideration the business nature, specialty of MCM’s operation and the industry in which it is participating, the income-based approach was adopted by the Independent Valuer in valuing MCM. Based on

the Independent Valuer's analysis and assumptions set out in the Preliminary Valuation Report, in its opinion, the market value of 100% of the equity interest in MCM as at 13 June 2011 was US\$175,200,000.

The Mongolian Consultant is incorporated in Mongolia and is engaged in geology exploration and consultation.

### **Guarantee by the Guarantor**

In consideration of Expert Assets entering into the Agreement, the Guarantor, who directly owns the entire issued share capital of the Vendor, has unconditionally and irrevocably guaranteed to Expert Assets the due and punctual performance and observance by the Vendor of its obligations, covenants and warranties under the Agreement.

### **Guarantee by the Company**

In consideration of the Vendor entering into the Agreement, the Company has unconditionally and irrevocably guaranteed to the Vendor the due and punctual performance and observance by Expert Assets of its obligations, covenants and warranties under the Agreement.

### **Completion**

Completion shall take place on the fifth Business Day following the satisfaction of the conditions set out above and unless, if applicable, waived by Expert Assets or at such other place or time as the Vendor and Expert Assets shall agree.

### **SHAREHOLDERS' AGREEMENT**

Upon Completion, Expert Assets, the Vendor, the Guarantor and the Target Company shall enter into a shareholders' agreement to provide for the administration of the Target Group's business and affairs and their respective rights and obligations in relation thereto.

### **INFORMATION ON THE TARGET GROUP**

#### **The Target Company**

The Target Company was incorporated in the British Virgin Islands and is wholly-owned by the Guarantor. It is principally engaged in investment holding and its only asset is the entire equity interest in MCM. According to the unaudited management accounts of the Target Company, it recorded an unaudited loss of approximately US\$34,000 before and after taxation during the period from 1 January 2011 to 15 June 2011. The unaudited total asset value of the Target Company as at 15 June 2011 amounted to approximately US\$65,000 and the unaudited net liabilities of the Target Company as at 15 June 2011 amounted to approximately US\$35,000.

As of the date of this announcement, the shareholding structure of the Target Group is as follows:



Upon Completion, the shareholding structure of the Target Group will be as follows:



The Target Company will not become a subsidiary of the Group upon and as a result of Completion. Pursuant to the Shareholders’ Agreement, the board of directors of the Target Company will initially comprise a total of 3 directors, of which Expert Assets shall be entitled to appoint 1 director and the Vendor shall be entitled to appoint 2 directors.

**MCM and the Mine**

MCM is a limited liability company incorporated in Mongolia and is a direct wholly-owned subsidiary of the Target Company. MCM currently holds the MCM Exploration Licence covering an aggregate area of 610.55 hectares and, as a condition precedent to Completion,

MCM will seek to obtain the MCM Mining Licence permitting the conducting of mining activities in relation to the Mine with a term of not less than 30 years covering an area of not less than 600 hectares of the Mining Area.

According to the Exploration Report, the Mine is located at a place named Bor Khag of Nogoonnur soum in Bayan-Ulgii Aimag, Mongolia, which is the subject of the MCM Exploration Licence with an area of approximately 610.55 hectares. It is about 90 kilometers from the northeast of the centre of Bayan-Ulgii Aimag and 1,800 kilometers from the west of Ulaanbaatar, the capital city of Mongolia. The Mine Area is about 56 kilometers and 280 kilometers from ports in Russia and China, respectively.

Based on and as extracted from the Exploration Report, the geographic coordinates of the deposit area of the Mine as defined by 12 corner coordinates are as follows:

<b>Corner</b>	<b>Longitude</b>	<b>Latitude</b>
1	89°58'28.88"	49°33'16.79"
2	89°58'28.88"	49°32'26.79"
3	89°58'43.87"	49°32'26.79"
4	89°58'43.87"	49°31'51.79"
5	89°58'58.87"	49°31'51.79"
6	89°58'58.87"	49°33'16.79"
7	89°59'18.88"	49°33'16.79"
8	89°59'18.88"	49°30'21.80"
9	89°58'3.87"	49°30'21.79"
10	89°58'3.88"	49°33'31.78"
11	89°59'18.88"	49°33'31.78"
12	89°59'18.88"	49°33'16.79"

### **Resources estimation of the Mine**

According to the Exploration Report, the total estimated resources at the Mine based on the The Russian Reserves & Resources Reporting System<sup>(1)</sup> is approximately 41.81 million tonnes of ore, which comprise ore resources under Category B of 9.14 million tonnes, ore resources under Category C of 19.03 million tonnes and ore resources under Category P of 13.64 million tonnes. With an overall average copper grading of 1.11%, the current combined estimated resources under Categories B, C and P is equivalent to total copper metal resources of 464,625 tonnes. The combined estimated copper metal resources under Categories B and C only are approximately 354,879 tonnes.

The following table shows resources breakdown of the Resources Deposit Copper:

<b>Category</b>	<b>Ore resources (tonne)</b>	<b>Copper grade (%)</b>	<b>Copper metal (tonne)</b>
B	9,135,518	1.13	102,829
C	<u>19,033,920</u>	<u>1.32</u>	<u>252,050</u>
	<b>28,169,438</b>	<b>1.26</b>	<b>354,879</b>
P	<u>13,637,160</u>	<u>0.80</u>	<u>109,746</u>
	<b>41,806,598</b>	<b>1.11</b>	<b>464,625</b>

*Note (1):*

As confirmed by the Mongolian Consultant, the Russian Reserves & Resources Reporting System was initially developed in 1960 and was revised in 1981. It divides mineral concentrations into 7 categories, in 3 major groups, based on the level of exploration performed: fully explored reserves or resources (A, B, C1), evaluated reserves or resources C2 and prognostic resources (P1, P2, P3). In principle, the reporting categories follow a succession of approximations that are applied to various stages of exploration. This means that reserves or resources are assigned to classes based on the degree of reliability and indicate their comparative importance for the national economy.

5 main reserves and resources classes designated by the symbols A, B, C1, C2, and P1 can be matched to the commonly adopted international resources standard (i.e. JORC). The general reconciliation of the Russian Reserves & Resources Reporting System and JORC standard is presented as follow.

<b>Russian</b>	<b>JORC Code</b>
A, B	Measured Resource
C1	Indicated Resource
C2	Indicated Resource/Inferred Resource
P1	Inferred Resource

*Source: CBE LLC*

*The table above should not be considered as a mechanical conversion, but conversions should only be made with full consideration of each particular set of estimates.*

## **MINE DEVELOPMENT UNDER THE PRE-FEASIBILITY STUDY REPORT**

### **Existing status**

The Mine is currently a greenfield mine pending development. There is no production activity at present.

### **Mine design**

According to the Pre-feasibility Study Report, the Mine is designed as an open pit mine with a full mining capacity of 2 million tonnes of ore per annum. The copper ore extracted will be stored at the mining site for further processing. Therefore, a processing plant will be

required to be set up next to the open pit mine. The processing plant is designed to have a full capacity of 2 million tonnes of ore per annum. A 200-person accommodation area is proposed to be constructed in a village next to the Mine, where the workers can reside. All the processed ore will be transported to Hongshanzui port in China by trucks, which is about 280 kilometres from the Mine.

### **Product**

Based on the Pre-feasibility Study Report, the extracted raw ore is used to produce copper concentrate.

### **Production schedule**

Under the Pre-feasibility Study Report, the construction of the Mine is scheduled to commence in the second half of 2011. It is estimated that it will require approximately one and a half years to complete all necessary construction and commissioning work for the Mine. The development of the Mine is therefore expected to be completed in early 2013. It is expected under the Pre-feasibility Study Report that the Mine will achieve its full mining capacity at 2 million tonnes of ore per annum in 2014. Given the expected production rate, the expected mining life of the Mine is estimated under the Pre-feasibility Study Report to be around 15 years, based on around 28.17 million tonnes of ore (category B + category C) of resources estimation.

### **Production costs and capital expenditure**

According to the Pre-feasibility Study Report, the total production cost inclusive of mining, processing, transportation and administrative activities is estimated to approximately USD16.23 per tonne of ore. The total capital expenditure for the development of the Mine is estimated at about USD28.13 million in the Pre-feasibility Study Report. Such capital expenditure is mainly employed for the set-up of ore processing plant and the development of the open pit mine.

Taking into account the existing financial resources of the Group, the capital investment required to be invested by Expert Assets into the Target Company in relation to the development of the Mine is expected to be financed, depending on the circumstances, by way of shareholders' loans, equity, debt or bank financing as may be determined appropriate by the Board.

As at the date of this announcement, the detailed plan and time schedule for development of the Mine by the Target Group remains to be finalised subject to, among other things, completion of the Agreement in accordance with its terms and the implementation of such development by the Target Group with the participation of Expert Assets as its shareholder. The Company shall comply with the relevant disclosure and Shareholders' approval requirements under the Listing Rules regarding any proposed fund raising activity in connection with its investment in the Target Group.

## **RISK FACTORS**

There are certain risks in the operations of the Target Group many of which are beyond the control of the Group or the Target Group. The following is a brief summary of some of these risks.

### **Copper mining business of the Group**

Copper mining, particularly in the context of the regulatory environment in which we operates, may pose significant challenges to the Group's administrative, financial and operational resources. Since the Group does not to date have significant experience in the copper mining business, it is not in a position to assure the timing and amount of any return or benefits that may be generated from its copper mining business. If any mining projects in which the Group or the Target Group attempts to develop does not progress as planned, the Company may not recover the funds and resources it has incurred, and this may materially and adversely affect the Company.

### **Inaccurate estimations of resources and valuation of the Target Group and the Mine**

The mineral resources of the Mine were estimated by the Mongolian Consultant based on the results of geological exploration and the resource estimates prepared based on the Russian Reserves & Resources Reporting System which is not an internationally recognised standard. The valuation estimated by the Independent Valuer is based on, among other things, the estimated mineral resources as estimated by the Mongolian Consultant in respect of the Mine and estimated copper prices. The resource data are only estimates and may differ materially from the actual mining results. There are many factors, assumptions and variables beyond control that result in inherent uncertainties in estimating resource and prices of minerals. The mineral resources of the Mine estimated by the Mongolian Consultant may be inaccurate and deviate from the actual resources which in turn may affect the valuation of the Mine.

### **Fluctuations on copper prices**

The fluctuations in supply and demand of copper are caused by numerous factors beyond the Company's control, which include but not limited to global and domestic economic and political conditions, and the growth and expansion in industries with high copper demand. There is no assurance that the international demand for copper and related products will continue to grow, or that the international demand for copper and related products will not experience excess supply.

### **Significant and continuous capital investment**

The mining business requires significant and continuous capital investment. Capital expenditure projects may not be completed as planned, may exceed the original budgets and may not achieve the intended economic results or commercial viability. In particular, the development of the Mine may not proceed in accordance with the plans set out in the Pre-feasibility Study Report. Actual capital expenditures for the new business may significantly exceed the Company's and the Target Group's budgets because of various factors beyond the Company's and the Target Group's control, which in turn may materially and adversely affect the Company's financial condition.

## **Laws and regulations**

The mining business in Mongolia is subject to extensive governmental regulations, policies and controls. There can be no assurance that the Mongolian government will not change such laws and regulations or impose additional or more stringent laws or regulations. Unexpected changes in such laws and regulations, or the failure to comply with any of the relevant laws and regulations in the Group's or the Target Group projects may adversely affect the Company.

## **Country and political risk**

There can be a risk relating to the likelihood that changes in the business environment will occur which may affect the profitability of doing business in Mongolia. The changes of political and economic conditions in Mongolia may materially and adversely affect the Company.

## **Environmental policies risk**

Mining operations produce significant amounts of waste water and solid waste materials. Therefore, the Group and the Target Group will be subject to significant and extensive safety and environmental protection laws and regulations in Mongolia. If the Group or the Target Group fails to comply with current or future environmental laws and regulations, the Group or the Target Group may be required to pay penalties or fines or take corrective actions, and/or the license will be revoked by the relevant government authorities, any of which may have a material adverse effect on the Group's business operations and financial condition.

## **INFORMATION ON THE GROUP AND REASONS FOR THE ENTERING INTO THE AGREEMENT**

The Group is principally engaged in the manufacture and trading of cables and wires for use in household electrical appliances and electronic products, copper products and mining business. The Company has been seeking suitable opportunities to facilitate its ongoing expansion into the mining business, and the Directors believe the Acquisition represents such an opportunity. In addition, as the Consideration represents a discount of approximately 26.8% to the indicative valuation for MCM based on the Preliminary Valuation Report, the Directors consider that the Consideration is fair and reasonable.

Based on the above, the Directors consider that the terms of, and transactions contemplated under, the Agreement are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Since the applicable percentage ratios of the Acquisition exceed 5% but are less than 25%, these Acquisitions will constitute a discloseable transaction for the Company for the purposes of, and are subject to the reporting and announcement requirements under, Chapter 14 of the Listing Rules.

**THE AGREEMENT IS CONDITIONAL UPON THE SATISFACTION OF A NUMBER OF CONDITIONS PRECEDENT. THEREFORE THE ACQUISITION MAY OR MAY NOT PROCEED. INVESTORS AND SHAREHOLDERS ARE ADVISED TO EXERCISE CAUTION IN DEALING IN THE COMPANY’S SECURITIES.**

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the proposed Acquisition by Expert Assets, an indirect wholly-owned subsidiary of the Company of the Sale Shares pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 5 July 2011 entered into among the Company, Expert Assets (an indirect wholly-owned subsidiary of the Company), the Vendor and the Guarantor
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday or a public holiday) on which banks are open for general banking business in Hong Kong and Mongolia
“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
“Competent Person”	as defined by reference to the JORC Code, a person who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and/or a “Recognised Overseas Professional Organisation” included in a list promulgated from time to time with a minimum of five years of experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which that person is undertaking
“Completion”	completion of the Agreement in accordance with its terms
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“Consideration”	the consideration payable in respect of the Sale Shares pursuant to the Agreement

“Copper Mineral Resource”	means, as defined by reference to the JORC Code, a concentration or occurrence of material of intrinsic economic interest in or on the Earth’s crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Copper Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Copper Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories
“Deposit”	the cash deposit of HK\$50,000,000 payable by Expert Assets upon the signing of the Agreement
“Director(s)”	the director(s) of the Company
“Expert Assets”	Expert Assets Management Limited, a company incorporated in the British Virgin Islands and which is indirectly wholly-owned by the Company
“Exploration Report”	The exploration report prepared by the Mongolian Consultant dated 15 May 2011 in respect of the Mine
“Final Valuation Report”	the valuation report to be prepared and issued by the Independent Valuer in respect of MCM based on the Technical Report and delivered to the Company as a condition precedent to Completion
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Batmunkh Dulamjav, a Mongolian citizen who is independent of and not connected with the Company or any of its connected persons
“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 Valuer”	Norton Appraisals Limited, an independent valuation firm appointed by the Company to prepare the Preliminary Valuation Report and the Final Valuation Report

“Indicated Copper Mineral Resource”	means, as defined by reference to the JORC Code, that part of a Copper Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed. An Indicated Copper Mineral Resource has a lower level of confidence than that applying to a Measured Copper Mineral Resource
“JORC Code”	the Australian Code of Reporting of Mineral Resources and Ore Reserves, effective December 2004
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	10 March 2012 or such later date as may be agreed in writing between the parties to the Agreement
“MCM”	Mongolian Copper Mining LLC, a company incorporated in Mongolia with limited liability and is wholly-owned by the Target Company
“MCM Exploration Licence”	the Minerals Exploration Special Licence 5481X issued by the Mineral Resource Authority of Mongolia (or its Geology and Mining Cadastre Division), covering an aggregate area of 610.55 hectares at the Mine Area, currently held by MCM
“MCM Licences”	the MCM Exploration Licence and the MCM Mining Licence
“MCM Mining Licence”	the operational mining licence to be obtained by MCM and issued by the Mineral Resource Authority of Mongolia (or its Geology and Mining Cadastre Division) permitting the conduct of mining activities in relation to the Mine with a term of not less than 30 years and covering an area of not less than 600 hectares of the Mine Area
“MCM Mineral Rights”	all the mineral exploration and other rights attached to the MCM Exploration Licence and when issued, all the mineral exploration, mining and other rights attached to the MCM Mining Licence

“Measured Copper Mineral Resource”	means, as defined by reference to the JORC Code, that part of a Copper Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and/or grade continuity. Mineralisation may be classified as a Measured Copper Mineral Resource when the nature, quality, amount and distribution of data are such as to leave no reasonable doubt, in the opinion of the Competent Person determining the Copper Mineral Resource, that the tonnage and grade of the mineralisation can be estimated to within close limits and that any variation from the estimate would not significantly affect potential economic viability
“Mine”	the mining area located in the place named Bor Khag of Nogoonnuur soum in Bayan-Ulgii Aimag, Mongolia, which is the subject of the MCM Exploration Licence
“Mine Area”	the location and area on which the Mine is situated
“Mongolia”	The Republic of Mongolia
“Mongolian Consultant”	CBE LLC, a geology exploration and consulting company in Mongolia engaged by MCM to prepare the Exploration Report and the Pre-feasibility Report
“Pre-feasibility Study Report”	the Pre-feasibility Study Report prepared by the Mongolian Consultant dated 10 June 2011 in respect of the Mine
“Preliminary Valuation Report”	the preliminary valuation report prepared by the Independent Valuer dated 28 June 2011 in respect of MCM based on, among other things, the Exploration Report and the Pre-feasibility Study Report
“Sale Shares”	ten issued Shares representing, at Completion, 10% of the issued share capital of the Target Company
“Share(s)”	ordinary share(s) of US\$1 each in the issued share capital of the Target Company

“Specific Termination Event”	any change, event or circumstance which is, will or is likely to result in:  (a) a revocation, material variation, termination, surrender, suspension or withdrawal of the MCM Exploration Licence or the MCM Mining Licence, or any analogous event which would have an adverse effect on the MCM Mineral Rights attaching thereto; or  (b) a material adverse change to the business or the financial condition, properties, assets, liabilities or obligations of Venture Max or MCM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Venture Max Limited, a company incorporated in the British Virgin Islands and which is directly wholly-owned by the Vendor
“Target Group”	the Target Company and MCM
“Technical Report”	a report prepared by an independent mining technical consultant to be appointed by the Company, acting in its capacity as a Competent Person in accordance with the JORC Code and issued to the Purchaser as a condition precedent to Completion
“Vendor”	Hero Wisdom Limited, a company incorporated in the British Virgin Islands and which is directly wholly-owned by the Guarantor
“US\$”	US dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 5 July 2011

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