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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)**

### **PROPOSED CAPITAL REORGANISATION**

**Financial adviser to the Company**



**KINGSTON CORPORATE FINANCE LTD.**

#### **PROPOSED CAPITAL REORGANISATION**

The Board proposes that the Company implements the Capital Reorganisation which will involve (a) a consolidation of every twenty (20) issued Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.20; and (b) a reduction in the nominal value of the issued Consolidated Shares from HK\$0.20 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.19 on each of the issued Consolidated Shares. The credit arising from the Capital Reduction will be transferred to the contributed surplus account of the Company such that the Company may apply such surplus in any manner permitted by the laws of Bermuda and the Bye-Laws including but not limited to setting off against the accumulated losses of the Company.

#### **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, pass the resolutions to approve, among other things, the Capital Reorganisation. A circular containing, among other things, further details of the Capital Reorganisation and a notice convening the SGM will be despatched to the Shareholders on 22 October 2012.

\* For identification purposes only

## **PROPOSED CAPITAL REORGANISATION**

The Board proposes that the Company implements the Capital Reorganisation which will involve the Share Consolidation and the Capital Reduction.

### **Share Consolidation**

The Share Consolidation will involve the consolidation of every twenty (20) Shares in issue into one (1) Consolidated Share. As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 divided into 50,000,000,000 Shares. As at the date of this announcement, there are 2,771,913,018 Shares in issue and fully paid. On the basis of such issued share capital, there will be 138,595,650 whole Consolidated Shares in issue once the Share Consolidation becomes effective. The Consolidated Shares will rank pari passu in all respects with each other.

### **Capital Reduction**

The Capital Reduction of approximately HK\$26.3 million will involve a reduction of the nominal value of the then issued Consolidated Shares from HK\$0.20 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.19 on each of the then issued Consolidated Shares. The credit arising from the Capital Reduction will be transferred to the contributed surplus account of the Company such that the Company may apply such surplus in any manner permitted by the laws of Bermuda and the Bye-Laws including but not limited to setting off against the accumulated losses of the Company.

### **Conditions of the Capital Reorganisation**

The Capital Reorganisation (which will be effected in accordance with the Bye-Laws and the Bermuda Companies Act) is conditional upon:

- (i) the passing of a special resolution by the Shareholders approving the Capital Reorganisation at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue arising from the Capital Reorganisation; and
- (iii) the compliance with the requirements of section 46(2) of the Bermuda Companies Act, including (i) publication of a notice in relation to the Capital Reduction in an appointed newspaper in Bermuda on a date not less than fifteen days but not more than thirty days before the date on which the Capital Reduction is to take effect; and (ii) that on the date on which the Capital Reduction is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction would be, unable to pay its liabilities as they become due.

Assuming the above conditions are fulfilled, it is expected that the Capital Reorganisation will become effective on the next Business Day following the date of passing of the relevant resolution approving the Capital Reorganisation.

## Effects of the Capital Reorganisation

As at the date of this announcement, the Company has no outstanding options, warrants or other securities convertible into or giving rights to subscribe for Shares or Adjusted Shares, as the case may be. Based on the Company's existing authorised share capital of HK\$500,000,000, represented by 50,000,000,000 Shares and the existing issued share capital of HK\$27,719,130.18, represented by 2,771,913,018 Shares, upon completion of the Capital Reorganisation, the authorised share capital of the Company will remain at HK\$500,000,000 represented by 50,000,000,000 Adjusted Shares, and the issued share capital will be HK\$1,385,956.50 represented by 138,595,650 Adjusted Shares.

Immediately after the Capital Reorganisation becoming effective, the board lot size for trading in the Company's shares will remain as 5,000 Adjusted Shares. Any fraction of Adjusted Shares arising from the Capital Reorganisation will be aggregated and sold (if a premium, net of expenses, can be obtained) for the benefit of the Company. The Adjusted Shares will rank pari passu in all respects with each other.

The effect of the Capital Reorganisation is summarised below:

	Prior to the Capital Reorganisation	After Share Consolidation but immediately before the Capital Reduction (Note)	Immediately following the Capital Reorganisation becoming effective (Note)
Nominal value of each Share/ Adjusted Share in issue	HK\$0.01	HK\$0.20	HK\$0.01
Authorised share capital	HK\$500,000,000	HK\$500,000,000	HK\$500,000,000
Number of Shares/Adjusted Shares in issue	2,771,913,018	138,595,650	138,595,650
Issued and fully paid-up share capital	HK\$27,719,130.18	HK\$27,719,130.00	HK\$1,385,956.50

*Note:* The issued share capital (i) after Share Consolidation but immediately before the Capital Reduction and (ii) immediately after the Capital Reorganisation becoming effective is presented on the assumption that no further Shares would be issued or repurchased between the date of this announcement and the date of the SGM. Any fraction arising from the Share Consolidation is not shown in the table.

Based on 2,771,913,018 Shares in issue as at the date of this announcement, a credit of approximately HK\$26.3 million will arise as a result of the Capital Reorganisation and will be transferred to the contributed surplus account of the Company. The Board intends that such amount will be used by the Company to set off against accumulated losses of the Company.

Implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses. The Board believes that the Capital Reorganisation will not have any adverse effect on the financial position of the Group and the Board believes that on the date the Capital Reorganisation is to be effected, there will be no reasonable grounds for believing that the Company is, or

after the Capital Reorganisation would be, unable to pay its liabilities as they become due. No capital will be lost as a result of the Capital Reorganisation and, except for the expenses involved in relation to the Capital Reorganisation which are expected to be insignificant in the context of the net asset value of the Company, the net asset value of the Company will remain unchanged before and after the Capital Reorganisation becoming effective. The Capital Reorganisation does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid-up capital of the Company nor will it result in any change in the relative rights of the Shareholders.

In order to alleviate the difficulties arising from the existence of odd lots of Adjusted Shares arising from the Capital Reorganisation, the Company will appoint an agent, Kingston Securities, to stand in the market to provide matching services for the odd lots of Adjusted Shares on a best effort basis. Further details in respect of the odd lots arrangement and the free exchange of new share certificates will be set out in the circular to be despatched by the Company to the Shareholders.

### **Reasons for the Capital Reorganisation**

The Board believes that the Capital Reorganisation is beneficial to the Company and the Shareholders as a whole. The Board is of the opinion that the Capital Reorganisation will provide the Company with greater flexibility for equity funding raising in the future and the credit in the contributed surplus account arising as a result of the Capital Reorganisation will enable the Company to apply the amount standing to the credit of its contributed surplus account to eliminate the accumulated losses of the Company and this will facilitate the payment of dividends as and when the Directors consider it appropriate in the future.

### **Listing and Dealings**

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation.

The Adjusted Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **Free exchange of Share certificates**

Subject to the Capital Reorganisation becoming effective, Shareholders may submit existing certificates for Shares to the Registrar from 15 November 2012 to 21 December 2012 (both dates inclusive) to exchange, at the expense of the Company, for certificates for the Adjusted Shares in board lot of 5,000 Adjusted Shares. Thereafter, certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount

as may from time to time be allowed by the Stock Exchange) for each share certificate of the Shares cancelled or each new share certificate issued for the Adjusted Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, certificates for the Shares will continue to be good evidence of legal title and will be valid for dealings, trading and settlement purpose after the Capital Reorganisation has become effective and may be exchanged for certificates for the Adjusted Shares at any time in accordance with the foregoing.

### **Expected timetable for the Capital Reorganisation**

Set out below is the expected timetable for the implementation of the Capital Reorganisation and the associated trading arrangements:

Dispatch of circular with notice of SGM. . . . . Monday, 22 October 2012

Latest time for lodging forms of proxy for the SGM . . . . . 10:00 a.m. on Monday,  
12 November 2012

Date of SGM . . . . . 10:00 a.m. on Wednesday,  
14 November 2012

Publication of announcement of the result of  
the SGM in respect of the approval of  
the Capital Reorganisation . . . . . Wednesday, 14 November 2012

Effective date of the Capital Reorganisation . . . . . Thursday, 15 November 2012

Dealing in Adjusted Shares commences . . . . . 9:00 a.m. on Thursday,  
15 November 2012

First day for free exchange of existing  
share certificates for new share certificates. . . . . Thursday, 15 November 2012

Original counter for trading in Shares in  
board lots of 5,000 Shares temporarily closes. . . . . 9:00 a.m. on Thursday,  
15 November 2012

Temporary counter for trading in Adjusted Shares  
in board lots of 250 Adjusted Shares  
(in the form of existing share certificates) opens . . . . . 9:00 a.m. on Thursday,  
15 November 2012

Original counter for trading in Adjusted Shares  
in board lots of 5,000 Adjusted Shares  
(in the form of new share certificates) re-opens. . . . . 9:00 a.m. on Thursday,  
29 November 2012

Parallel trading in Adjusted Shares in the form  
of new share certificates and existing share  
certificates commences . . . . . 9:00 a.m. on Thursday,  
29 November 2012

Designated broker starts to stand in the market to provide matching services for odd lots of Adjusted Shares . . . . . Thursday, 29 November 2012

Temporary counter for trading in Adjusted Shares in board lots of 250 Adjusted Shares (in the form of existing share certificates) closes. . . . . 4:00 p.m. on Wednesday, 19 December 2012

Parallel trading in Adjusted Shares in the form of new share certificates and existing share certificates ends. . . . . 4:00 p.m. on Wednesday, 19 December 2012

Designated broker ceases to stand in the market to provide matching services for odd lots of Adjusted Shares . . . . . 4:00 p.m. on Wednesday, 19 December 2012

Last day for free exchange of existing share certificates for new share certificates. . . . . Friday, 21 December 2012

**GENERAL**

The SGM will be held for the Shareholders to consider and, if thought fit, pass the resolutions to approve, among other things, the Capital Reorganisation. A circular containing, among other things, further details of the Capital Reorganisation and a notice convening the SGM will be despatched to the Shareholders on 22 October 2012.

As at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which may confer any right to subscribe for convert or exchange into Shares of the Company.

**DEFINITIONS**

In this announcement, the following terms shall have the meanings respectively set opposite them unless the context requires otherwise:

- “Adjusted Share(s)”                      ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective
- “Bermuda Companies Act”                the Companies Act 1981 of Bermuda
- “Board”                                      the board of Directors
- “Business Day(s)”                        any day (excluding a Saturday) on which banks generally are open for business in Hong Kong throughout their normal business hours
- “Bye-Laws”                                 the bye-laws of the Company from time to time

“Capital Reduction”	the proposed reduction of the nominal value of the issued Consolidated Shares from HK\$0.20 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.19 on each of the issued Consolidated Shares
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving, inter alia, the Share Consolidation and the Capital Reduction, details of which are set out in the section entitled “Proposed Capital Reorganisation” in this announcement
“CCASS”	the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited
“Company”	Solartech International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of HK\$0.20 each in the issued share capital of the Company immediately after the Share Consolidation but before the Capital Reduction
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“PRC”	the People’s Republic of China
“Registrar”	Tricor Secretaries Limited
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, pass the resolutions to approve, among other things, the Capital Reorganisation
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Capital Reorganisation
“Share Consolidation”	the proposed consolidation of every twenty (20) Shares in issue into one (1) Consolidated Share



“Shareholder(s)”	holder(s) of the Share(s) or Adjusted Share(s) (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 8 October 2012

*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.*