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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: 01166)

PLACING OF NEW SHARES UNDER A SPECIFIC MANDATE

Placing Agent



KINGSTON SECURITIES LTD.

THE PLACING

On 27 May 2013 (after the trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 75,000,000 Placing Shares, to not less than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons at a price of HK\$0.3 per Placing Share. The maximum number of 75,000,000 Placing Shares to be placed under the Placing Agreement will be issued pursuant to a specific mandate to be obtained at the SGM.

The maximum number of 75,000,000 Placing Shares represents (i) approximately 40% of the existing issued share capital of the Company of 187,485,650 Shares in issue as at the date of this announcement; and (ii) approximately 28.57% of the issued share capital of the Company of 262,485,650 Shares as enlarged by the Placing (assuming the Placing is completed in full).

* For identification purposes only

The price of HK\$0.3 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent and represents: (i) a discount of approximately 30.23% to the closing price of HK\$0.430 per Share as quoted on the Stock Exchange on 27 May 2013, being the date of the Placing Agreement; and (ii) a discount of approximately 31.66% to the average closing price of approximately HK\$0.439 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the date of the Placing Agreement.

The maximum gross proceeds from the Placing will be approximately HK\$22.5 million. The maximum net proceeds of approximately HK\$21.7 million from the Placing are intended to be used as to: (i) approximately HK\$12 million for plant and machinery and working capital of the new production lines of the Project and (ii) the remaining of approximately HK\$9.7 million for repayment of trust receipt loans of the Group. Assuming the Placing is completed in full, the net proceeds raised per Placing Share upon completion of the Placing will be approximately HK\$0.289 per Placing Share.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

GENERAL

The SGM will be convened and held for the purposes of considering and, if thought fit, approving the Placing and the specific mandate to issue the Placing Shares. To the best knowledge of the Directors, none of the Shareholders has a material interest in the transactions contemplated under the Placing Agreement as at the date of this announcement. Accordingly, none of the Shareholders will be required to abstain from voting at the SGM in respect of the resolution(s) relating to the Placing and the specific mandate.

A circular containing, among other things, further details of (i) the Placing; and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

THE PLACING AGREEMENT

Date

27 May 2013 (after the trading hours)

Issuer

The Company

Placing Agent

The Placing Agent has conditionally agreed to place up to 75,000,000 Placing Shares, on a best effort basis, to the Placees and will receive a placing commission of 2.5% on the gross proceeds of the actual number of Placing Shares being placed. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market rate.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons. As at the date of this announcement, the Placing Agent is interested in 21 Shares.

Placees

The Placing Shares will be placed to not less than six Placees, who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons. It is expected that none of the Placees will become a substantial shareholder (as defined under the Listing Rules) of the Company immediately after completion of the Placing. If any of the Placees becomes a new substantial shareholder of the Company after the completion of the Placing, further announcement will be made by the Company.

Number of Placing Shares

A maximum number of 75,000,000 Placing Shares will be placed by the Placing Agent to the Placees on a best effort basis, representing: (i) approximately 40% of the existing issued share capital of the Company of 187,485,650 Shares as at the date of this announcement; and (ii) approximately 28.57% of the issued share capital of the Company of 262,485,650 Shares as enlarged by the Placing (assuming the Placing is completed in full). The aggregate nominal value of the Placing Shares under the Placing will be HK\$750,000.

Ranking of Placing Shares

The Placing Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.3 represents:

- (i) a discount of approximately 30.23% to the closing price of HK\$0.430 per Share as quoted on the Stock Exchange on 27 May 2013, being the date of the Placing Agreement; and
- (ii) a discount of approximately 31.66% to the average closing price of approximately HK\$0.439 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares under the Placing;
- (ii) the passing of a necessary resolution(s) by the Shareholders to approve the allotment, issue and dealing with the Placing Shares at the SGM;
- (iii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event; and
- (iv) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Placing Shares under the Placing.

If any of the above conditions are not fulfilled prior to 5:00 p.m. on the date falling on two months after the date of SGM or such later time or date as may be agreed between the Placing Agent and the Company, the Placing Agreement shall terminate and subject to terms of the Placing Agreement, neither party shall have any claim against the other for any costs or losses (save for any antecedent breaches of the Placing Agreement).

Mandate to issue the Placing Shares

The Placing Shares to be issued under the Placing Agreement will be issued pursuant to a specific mandate to be obtained at the SGM.

Termination and force majeure

Unless otherwise agreed between the Company and the Placing Agent, the Placing Agent's appointment shall terminate upon the earlier of (a) the completion of the Placing and (b) termination of the Placing by the Placing Agent in accordance with the terms and conditions of the Placing Agreement.

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the date of completion of the Placing, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below).

For this purpose, a “force majeure event” refers to

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation to suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the date of completion of the Placing;

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the announcement(s) or circular(s) relating to the Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under this Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion of the Placing

Completion of the Placing will take place within four business days after the fulfillment of the conditions set out in the Placing Agreement but not later than the date falling on two months after the date of SGM or such later date as may be agreed between the Company and the Placing Agent.

The Placing is conditional upon the fulfillment of the conditions and is subject to the termination on the occurrence of, among other things, any event of force majeure as listed above.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the manufacturing and trading of cables and wires for use in household electrical appliances and electronic products, copper products and mining business.

As disclosed in the 2012-2013 interim report of the Company, Dongguan Xin Bao Precision Chemical Company Limited, a subsidiary of the Group, has begun using molecular distillation technology to produce biodiesel (fatty acid methyl ester), which is a renewable energy (the “**Project**”). The Project is one of the renewable energy projects encouraged and supported by the State. As prices of petrochemical diesel are rising due to the shortage of supply in the current market, it is expected that the profit margins for biodiesel will become higher accordingly. The Project is expected to have an expected annual output of up to 50,000 tons.

The maximum gross proceeds from the Placing will be approximately HK\$22.5 million. The maximum net proceeds from the Placing will amount to approximately HK\$21.7 million which is intended to be used as to: (i) approximately HK\$12 million for plant and machinery and working capital of the new production lines of the Project and (ii) the remaining of approximately HK\$9.7 million for repayment of trust receipt loans of the Group. Assuming the Placing is completed in full, the net proceeds raised per Placing Share upon completion of the Placing will be approximately HK\$0.289 per Placing Share.

The Directors have considered different types of fund raising arrangement and consider that the Placing is the most efficient way in terms of cost for the Company. Furthermore, the Company can take this opportunity to broaden the capital and shareholders base of the Company.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Apart from the fund raising activities mentioned below, the Company has not carried out other fund raising activities during the 12 months immediately preceding the date of this announcement.

Date of initial announcement	Fund raising activity	Intended use of net proceeds	Actual use of net proceeds
7 March 2013	Placing of 31,240,000 new shares under general mandate.	Approximately HK\$12.0 million – for general working of the Group and repayment of trust receipt loan.	Fully utilized for repayment of the trust receipt loan.
29 November 2012	Placing of 17,650,000 new shares under general mandate.	Approximately HK\$6.29 million – for general working capital of the Group.	Fully utilized for repayment of the trust receipt loan.

EFFECTS ON SHAREHOLDING STRUCTURE

To the best of the Directors' knowledge, information and belief after having made reasonable enquires, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (assuming the Placing Shares are placed in full) is set out as below:

	As at the date of this announcement		Upon completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
<i>Public:</i>				
Placing Agent	21	0.00	21	0.00
Placees	–	–	75,000,000	28.57
Other public Shareholders	187,485,629	100.00	187,485,629	71.43
Total	<u>187,485,650</u>	<u>100.00</u>	<u>262,485,650</u>	<u>100.00</u>

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

The SGM will be convened and held for the purposes of considering and, if thought fit, approving the Placing and the specific mandate to issue the Placing Shares. To the best knowledge of the Directors, none of the Shareholders has a material interest in the transactions contemplated under the Placing Agreement as at the date of this announcement. Accordingly, none of the Shareholders will be required to abstain from voting at the SGM in respect of the resolution(s) relating to the Placing and the specific mandate.

A circular containing, among other things, further details of (i) the Placing; and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

TERMS AND DEFINITIONS

“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Solartech International Holdings Limited, a company incorporated in Bermuda with limited liability and the securities of which are listed on the Stock Exchange
“connected person(s)”	the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the board of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares, on a best effort basis, pursuant to the terms of the Placing Agreement

“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry out business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 27 May 2013 in relation to the Placing
“Placing Price”	HK\$0.3 per Placing Share
“Placing Share(s)”	A maximum of 75,000,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“SGM”	the special general meeting of the Company to be convened and held for Shareholders to consider and, if thought fit, approve, the placing and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 27 May 2013

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.