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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)**

**(1) PROPOSED OPEN OFFER OF  
1,574,878,250 OFFER SHARES ON THE BASIS OF  
FIVE (5) OFFER SHARES FOR EVERY ONE (1) EXISTING SHARE  
HELD ON THE RECORD DATE  
AND  
(2) PROPOSED REFRESHMENT OF GENERAL MANDATE  
TO ALLOT AND ISSUE SHARES**

**Financial Adviser to the Company**



**KINGSTON CORPORATE FINANCE LTD.**

**Underwriter to the Open Offer**



**KINGSTON SECURITIES LTD**

**PROPOSED OPEN OFFER**

The Company proposes to raise approximately HK\$189 million, before expenses, by way of Open Offer of 1,574,878,250 Offer Shares at the Subscription Price of HK\$0.12 per Offer Share on the basis of five (5) Offer Shares for every one (1) Existing Share held on the Record Date.

\* For identification purposes only

It is intended that the gross proceeds from the Open Offer will be approximately HK\$189 million. It is intended that the estimated net proceeds, after deducting the underwriting commission of 2.5% on gross proceeds and other expenses in connection with the Open Offer, are approximately HK\$183 million which are intended to be used as to: (i) approximately HK\$40 million for the developing a parcel of land situated on the Santai Industrial Zone; (ii) approximately HK\$30 million for renovation of two factories owned by the Group in Changping Town, Dongguan City; (iii) approximately HK\$60 million for the repayment of short term loans; and (iv) the remaining proceeds of approximately HK\$53 million for general working capital of the Group.

The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Prohibited Shareholders. To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the Registrar by 4:00 p.m. on Friday, 7 March 2014. The register of members of the Company will be closed from Monday, 10 March 2014 to Friday, 14 March 2014, both dates inclusive, to determine the eligibility of the Open Offer.

The Offer Shares will be fully underwritten by the Underwriter, on the terms and subject to the conditions of the Underwriting Agreement, details of which are set out in the section headed “Underwriting Arrangement” of this announcement.

#### **WARNING OF THE RISK OF DEALINGS IN THE SHARES**

**Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.**

**Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

**Shareholders should note that, based on the expected timetable of the Open Offer, the Shares will be dealt in on an ex-entitlement basis commencing from Thursday, 6 March 2014 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Thursday, 3 April 2014), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.**

## **PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES**

Under the Existing General Mandate granted by the Shareholders at the 2013 annual general meeting of the Company held on 28 November 2013, the Directors were authorised to allot and issue up to 52,497,130 Shares. As at the date of this announcement, the Existing General Mandate has been utilised as to 52,490,000 Shares, representing approximately 20.0% of the issued share capital of the Company as at the date the Existing General Mandate was approved.

In order to provide a flexible means for the Company to raise further funds through the issue of new Shares for its future business development, the Board proposes to seek a refreshment of the Existing General Mandate at the SGM for the Directors to allot and issue new Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM.

### **IMPLICATIONS UNDER THE LISTING RULES**

As the proposed Open Offer will increase the issued share capital or the market capitalization of the Company by more than 50%, the Open Offer is subject to the approval of the independent Shareholders.

Pursuant to Rule 7.24(5) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolutions relating to the Open Offer. As at the date of this announcement, there is no controlling Shareholder and none of the Directors (excluding the independent non-executive Directors), the chief executive of the Company or their respective associates hold any Share in the Company.

As the proposed refreshment to the Existing General Mandate is being made prior to the Company's next annual general meeting, pursuant to Rule 13.36(4) of the Listing Rules, the refreshment of the Existing General Mandate will be subject to independent Shareholders' approval by way of poll at the SGM, where any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the grant of the Issue Mandate. As at the date of this announcement, there is no controlling Shareholder and none of the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates hold any Share in the Company.

The Company will establish an independent board committee comprising all the independent non-executive Directors to advise the independent Shareholders in connection with the Open Offer and the refreshment of the Existing General Mandate, whether their terms are fair and reasonable and whether they are in the interests of the Company and the Shareholders as a whole, and to advise the independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser. In this connection, the Company will appoint an independent financial adviser to advise the independent board committee and the independent Shareholders in these regards.

## **GENERAL**

An SGM will be held for the purpose of considering and, if thought fit approving, among other things (i) the Open Offer; and (ii) the grant of the Issue Mandate. The Circular containing, among other things, (i) further details of the Open Offer; (ii) further details of the grant of the Issue Mandate; (iii) a letter of recommendation from the independent board committee of the Company to the independent Shareholders in respect of the Open Offer and the Issue Mandate; (iv) a letter of advice from the independent financial adviser to the independent board committee of the Company and the independent Shareholders on the Open Offer and the Issue Mandate; and (v) a notice convening the SGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

## **PROPOSED OPEN OFFER**

The Company proposes to raise approximately HK\$189 million, before expenses, by way of Open Offer of 1,574,878,250 Offer Shares at the Subscription Price of HK\$0.12 per Offer Share on the basis of five (5) Offer Shares for every one (1) Existing Share held on the Record Date. The details are set out as follows:

### **Issue Statistics**

Basis of the Open Offer:	five (5) Offer Shares for every one (1) Existing Share held on the Record Date
Subscription Price:	HK\$0.12 per Offer Share
Number of Shares in issue as at the date of this announcement:	314,975,650 Shares
Number of Offer Shares:	1,574,878,250 Offer Shares
Number of Offer Shares underwritten by the Underwriter:	All the Offer Shares, being 1,574,878,250 Offer Shares. The aggregate nominal value of the Offer Shares is HK\$15,748,782.50
Number of Shares in issue upon completion of the Open Offer:	1,889,853,900 Shares

As at the date of this announcement, the Company does not have any outstanding convertible note, warrant, option, derivative or other securities convertible into or exchangeable for any Share. The Company has no intention to issue or grant any warrants, options and/or convertible securities on or before the Record Date.

Based on the above, a total of 1,574,878,250 Offer Shares will be issued upon the completion of the Open Offer, which represents 500% of the Company's issued share capital as at the date of this announcement and approximately 83.33% of the Company's issued share capital as enlarged by the issue of the Offer Shares.

## **Subscription Price**

The Subscription Price is HK\$0.12 per Offer Share, payable in full upon application. The Subscription Price represents:

- (i) a discount of approximately 66.67% to the closing price of HK\$0.360 per Share as quoted on Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 66.76% to the average of the closing prices of approximately HK\$0.361 per Share for the last five consecutive trading days including and up to the Last Trading Day; and
- (iii) a discount of 25.00% to the theoretical ex-entitlement price of approximately HK\$0.160 per Share after the Open Offer, based on the closing price of HK\$0.360 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market price of the Shares, the financial position of the Group and having considered the development of the parcel of land situated on the Santai Industrial Zone and the future business development of the Group as detailed under the section headed "Reasons for the Open Offer and use of proceeds" in this announcement. Taking into consideration of the theoretical ex-entitlement price per Share, in order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors (excluding the independent non-executive Directors who will give their view on the Open Offer after taking into account the advice of the independent financial adviser) consider that the proposed discount of the Subscription Price to the market price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (excluding the independent non-executive Directors who will give their view on the Open Offer after taking into account the advice of the independent financial adviser) consider that the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As the estimated net proceeds from the Open Offer will be approximately HK\$183 million, assuming no further issue of new Shares on or before the Record Date, the net price per Offer Share will be approximately HK\$0.116.

## **Qualifying Shareholders**

The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Prohibited Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders. To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date:

- (i) be registered on the register of members of the Company; and
- (ii) not be the Prohibited Shareholders.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:00 p.m. on Friday, 7 March 2014. The address of the Registrar is at Tricor Securities Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

### **Rights of the Overseas Shareholders**

If, at the close of business on the Record Date, a Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong. The Board will make enquiries to its lawyers as to whether the issue of Offer Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange pursuant to the Listing Rules. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient not to Offer Shares to such Overseas Shareholders, no provisional allotment of Offer Shares will be made to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Prohibited Shareholders. Further information in this connection will be set out in the Prospectus.

The Company will send the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders.

### **Closure of register of members**

The register of members of the Company will be closed from Friday, 28 February 2014 to Tuesday, 4 March 2014, both dates inclusive, to determine the eligibility of the Shareholders to vote at the SGM. The register of members of the Company will be closed from Monday, 10 March 2014 to Friday, 14 March 2014, both dates inclusive, to determine the eligibility of the Open Offer. No transfer of Shares will be registered during these periods.

### **Status of the Offer Shares**

The Offer Shares (when allotted, fully paid and issued) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

### **Fractions of Offer Shares**

Fractional entitlements to the Offer Shares, if any, will not be issued but will be aggregated and sold in the open market, if a premium, net of expenses can be obtained and the net proceeds, after deduction of related expenses arising from such sale, will be retained for the benefit of the Company. The Company will not allot any fractions of the Offer Shares.



## **Certificates of the Offer Shares and refund cheques**

Subject to fulfillment of the conditions of the Open Offer, certificates for the fully-paid Offer Shares are expected to be despatched on or before Monday, 7 April 2014 to those entitled thereto by ordinary post at their own risk. If the Open Offer is terminated, refund cheques are expected to be despatched on or before Monday, 7 April 2014 by ordinary post at the respective Shareholders' own risk.

## **No application for excess Offer Shares**

After arm's length negotiation with the Underwriter, the Board has decided that the Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their respective assured entitlements. Given that each Qualifying Shareholder will be given equal and fair opportunity to participate in the Open Offer, the Board considers that it will put in additional effort and costs to administer the excess application procedures. Any Offer Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to subscribe or procure subscription for the Offer Shares which have not been taken up by the Qualifying Shareholders.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange. Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer 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 Offer 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.

All necessary arrangements will be made to enable the Offer Shares to be admitted into CCASS.

Dealings in the Offer Shares (in board lots of 5,000 each) will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, or any other applicable fees and charges in Hong Kong.

## UNDERWRITING ARRANGEMENT

### Underwriting Agreement

<b>Date:</b>	21 January 2014 (after trading hours)
<b>Underwriter:</b>	Kingston Securities Limited
<b>Total number of Offer Shares:</b>	1,574,878,250 Offer Shares
<b>Total number of Offer Shares underwritten by the Underwriter:</b>	all the Offer Shares, being 1,574,878,250 Offer Shares
<b>Underwriting commission:</b>	payable by the Company to the Underwriter at 2.5% of the aggregate Subscription Price in respect of the maximum number of Offer Shares underwritten by the Underwriter.

The Open Offer is fully underwritten by the Underwriter. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties. As at the date of this announcement, the Underwriter is interested in 21 Shares.

The Company will pay the Underwriter an underwriting commission of 2.5% of the aggregate Subscription Price in respect of the maximum number of Offer Shares underwritten by the Underwriter. The Company will also pay the Underwriter all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Open Offer. The Directors (excluding the independent non-executive Directors who will give their view on the Open Offer after taking into account the advice of the independent financial adviser) are of the view that the commission rate is fair and reasonable.

Pursuant to the Underwriting Agreement, the Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of the Open Offer. The Underwriter shall also use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it (i) shall be an Independent Third Party and not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors or chief executive of the Company or substantial shareholder(s) of the Company or their respective associates (as defined in the Listing Rules); and (ii) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of the voting rights of the Company upon completion of the Open Offer.



## **Undertaking**

As at the date of this announcement, the Company has not received any information or undertaking provided by any substantial Shareholders of their intention to take up the Offer Shares to be offered to them.

## **Conditions of the Open Offer**

The Open Offer is conditional upon:

- (1) the passing of all necessary resolutions by the independent Shareholders at the SGM to approve the Open Offer and the transactions contemplated thereunder;
- (2) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively not later than the Prospectus Posting Date of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (3) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (4) the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (5) if necessary, the Bermuda Monetary Authority granting consent to the issue of the Offer Shares by the Latest Time for Termination or such other time as the Underwriter may agree with the Company in writing;
- (6) the obligations of the Underwriter in the Underwriting Agreement is not terminated in accordance with its terms at or before the Latest Time for Termination; and
- (7) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement and the representations and warranties given by the Company under the Underwriting Agreement remaining true, correct and not misleading in all material respects.

The conditions precedent are incapable of being waived (other than condition (7) above which can be waived by the Underwriter). If the conditions precedent are not satisfied or waived in whole or in part by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

## Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9.00 a.m. and 4.00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; 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 of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriter, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Circular or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (8) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter,

any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

## **REASONS FOR THE OPEN OFFER 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 annual report of the Company for the year ended 30 June 2013, the acquisition of Santai Industrial Zone, with an area of approximately 72,000 sq.m., in Changping Town, Dongguan City, by the Group was completed in the year 2012 and the property has been held for lease and generates steady rental income for the Group. In light of the "Three Olds Reform" scheme implemented by the People's Government of Guangdong Province aiming to transform old towns, old factories and old villages to accompany the rapid economic and social development, the Group intends to make an application to transform the Santai Industrial Zone under the "Three Olds Reform" scheme. It is planned that the nature of the Santai Industrial Zone will be changed from industrial to commercial and residential after the transformation. By then, it will be surrounded by three-sided waterfronts and becomes a small, hustle and bustle commercial and residential district with a touch of tranquility.

It is intended that the gross proceeds from the Open Offer will be approximately HK\$189 million. It is intended that the estimated net proceeds, after deducting the underwriting commission of 2.5% on gross proceeds and other expenses in connection with the Open Offer, are approximately HK\$183 million which are intended to be used as to: (i) approximately HK\$40 million for the developing a parcel of land situated on the Santai Industrial Zone; (ii) approximately HK\$30 million for renovation of two factories owned by the Group in Changping Town, Dongguan City; (iii) approximately HK\$60 million for the repayment of short term loans; and (iv) the remaining proceeds of approximately HK\$53 million for general working capital of the Group.

Having considered other fund raising alternatives for the Group, such as bank borrowings and placing of new Shares, and taking into account the benefits and cost of each of the alternatives, the Open Offer allows the Group to strengthen its balance sheet without facing the increasing interest rates. The Board considers that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. **However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

In the view of the above, The Directors (excluding the independent non-executive Directors who will give their view on the Open Offer after taking into account the advice of the independent financial adviser) consider that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account the terms of the Open Offer.

## EXPECTED TIMETABLE OF THE OPEN OFFER

Set out below is the expected timetable of the Open Offer.

2014

Expected date of despatch of the Circular, notice of SGM and proxy form . . . . .	Friday, 14 February
Latest time for lodging transfer of Shares in order to be entitled to vote at the SGM . . . . .	4:00 p.m. on Thursday, 27 February
Register of members of the Company closes to determine the eligibility to vote at the SGM (both days inclusive) . . . . .	Friday, 28 February to Tuesday, 4 March
Latest date for returning and lodging of proxy form for the SGM . . . . .	10:00 a.m. on Sunday, 2 March
Record date for attendance and voting at the SGM . . . . .	Tuesday, 4 March

SGM .....	10:00 a.m. on Tuesday, 4 March
Announcement of results of the SGM .....	Tuesday, 4 March
Register of members re-opens .....	Wednesday, 5 March
Last day of dealing in Shares on a cum-entitlement basis .....	Wednesday, 5 March
First day of dealing in Shares on an ex-entitlement basis .....	Thursday, 6 March
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer .....	4:00 p.m. on Friday, 7 March
Register of members closes to determine the eligibility of the Open Offer (both days inclusive) .....	Monday, 10 March to Friday, 14 March
Record Date .....	Friday, 14 March
Register of members re-opens .....	Monday, 17 March
Dispatch of Prospectus Documents .....	Monday, 17 March
Latest time for acceptance of and payment for the Offer Shares .....	4:00 p.m. on Monday, 31 March
Latest time for the Open Offer to become unconditional ..	4:00 p.m. on Thursday, 3 April
Announcement of the results of the Open Offer .....	Friday, 4 April
Dispatch of certificates for Offer Shares and refund cheques on or before .....	Monday, 7 April
Dealing in Offer Shares commences .....	Tuesday, 8 April

All times stated in this announcement refer to Hong Kong times. Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Open Offer will be announced as appropriate.

## WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that, based on the expected timetable of the Open Offer, the Shares will be dealt in on an ex-entitlement basis commencing from Thursday, 6 March 2014 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Thursday, 3 April 2014), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

## EFFECTS ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structures of the Company immediately before and after the completion of the Open Offer are set out below:

Shareholders	As at the date of this announcement		Upon completion of the Open Offer			
			Assuming no Qualifying Shareholders take up their respective entitlements under the Open Offer		Assuming full subscription by the Qualifying Shareholders as to their respective entitlements under the Open Offer	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
The Underwriter and its sub-underwriter(s) and subscriber(s) procured by the Underwriter (if any) (Note 1)	21	0.00	1,574,878,271	83.33	126	0.00
Other public Shareholders	<u>314,975,629</u>	<u>100.00</u>	<u>314,975,629</u>	<u>16.67</u>	<u>1,889,853,774</u>	<u>100.00</u>
<b>Total</b>	<b><u>314,975,650</u></b>	<b><u>100.00</u></b>	<b><u>1,889,853,900</u></b>	<b><u>100.00</u></b>	<b><u>1,889,853,900</u></b>	<b><u>100.00</u></b>

### Notes:

- Pursuant to the Underwriting Agreement, the Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of the Open Offer. The Underwriter shall also use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it



(i) shall be an Independent Third Party and not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors or chief executive of the Company or substantial shareholder(s) of the Company or their respective associates (as defined in the Listing Rules); and (ii) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of the voting rights of the Company upon completion of the Open Offer.

The Company will take all appropriate steps to ensure that sufficient public float be maintained upon the completion of the Open Offer in compliance with Rule 8.08(1)(a) of the Listing Rules.

## FUND RAISING IN THE PAST 12 MONTHS

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

<b>Date of initial announcement</b>	<b>Fund raising activity</b>	<b>Intended use of net proceeds</b>	<b>Actual use of proceeds</b>
9 December 2013	Placing of 52,490,000 new shares under general mandate	— Approximately HK\$16.2 million for general working capital of the Group	— Approximately HK\$10.2 million has been utilised as intended and approximately HK\$6 million is currently deposited at the bank
27 May 2013	Placing of 75,000,000 new shares under specific mandate	— approximately HK\$12 million for plant and machinery and working capital of the new production lines of the Group; and  — approximately HK\$9.7 million for repayment of trust receipt loans of the Group	— Fully utilised as intended
7 March 2013	Placing of 31,240,000 new shares under general mandate	— approximately HK\$12.0 million for general working capital and repayment of trust receipt loan of the Group	— Fully utilised as intended

## **PROPOSED REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES**

At the 2013 annual general meeting of the Company held on 28 November 2013, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to allot and issue up to 52,497,130 Shares, which is equivalent to 20% of the issued share capital of the Company as at the date the Existing General Mandate was approved.

As at the date of this announcement, the Existing General Mandate has been utilised as to 52,490,000 Shares pursuant to the placing of Shares at the placing price of HK\$0.32 per Share completed on 17 December 2013 raising net proceeds of approximately HK\$16.2 million which was intended to be used for general working capital of the Group.

In order to provide a flexible means for the Company to raise further funds through the issue of new Shares for its future business development, the Board wishes to seek approval from the Shareholders at the SGM to grant the Issue Mandate for the Directors to allot and issue new Shares up to 20% of the issued share capital of the Company as at the date of the SGM.

As at the date of this announcement, the existing authorised share capital of the Company consists of 50,000,000,000 Shares out of which 314,975,650 Shares are issued and fully paid up. On the basis of 314,975,650 Shares in issue as at the date of this announcement and assuming that no further Shares are issued or repurchased prior to the SGM, subject to the passing of the relevant ordinary resolution to approve the Issue Mandate at the SGM, the Directors will be authorised to allot and issue up to a limit of 62,995,130 Shares under the Issue Mandate.

The Directors (excluding the independent non-executive Directors who will give their view on the Issue Mandate after taking into account the advice of the independent financial adviser) consider that the Issue Mandate will enhance the flexibility for the Company to manage its business and therefore the Issue Mandate is fair and reasonable and the granting of the Issue Mandate is in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the proposed Open Offer will increase the issued share capital or the market capitalization of the Company by more than 50%, the Open Offer is subject to the approval of the independent Shareholders. Pursuant to Rule 7.24(5) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolutions relating to the Open Offer. As at the date of this announcement, there is no controlling Shareholder and none of the Directors (excluding the independent non-executive Directors), the chief executive of the Company or their respective associates hold any Share in the Company.

As the proposed refreshment to the Existing General Mandate is being made prior to the Company's next annual general meeting, pursuant to Rule 13.36(4) of the Listing Rules, the refreshment of the Existing General Mandate will be subject to independent Shareholders' approval by way of poll at the SGM, where any controlling Shareholders and their associates

or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the grant of the Issue Mandate. As at the date of this announcement, there is no controlling Shareholder and none of the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates hold any Share in the Company.

Accordingly, none of the persons are required to abstained from voting at the SGM.

The Company will establish an independent board committee comprising all the independent non-executive Directors to advise the independent Shareholders in connection with the Open Offer and the refreshment of the Existing General Mandate, whether their terms are fair and reasonable and whether they are in the interests of the Company and the Shareholders as a whole, and to advise the independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser. In this connection, the Company will appoint an independent financial adviser to advise the independent board committee and the independent Shareholders in these regards.

## **GENERAL**

An SGM will be held for the purpose of considering and, if thought fit approving, among other things (i) the Open Offer and (ii) the grant of the Issue Mandate.

The Circular containing, among other things, (i) further details of the Open Offer; (ii) further details of the grant of the Issue Mandate; (iii) a letter of recommendation from the independent board committee of the Company to the independent Shareholders in respect of the Open Offer and the Issue Mandate; (iv) a letter of advice from the independent financial adviser to the independent board committee of the Company and the independent Shareholders on the Open Offer and the Issue Mandate; and (v) a notice convening the SGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

## **Terms and definitions**

“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular to be issued by the Company in relation to, among others, the Open Offer, the Issue Mandate and the SGM

“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Companies Ordinance”	Companies Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	Solartech International Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the Company for the time being
“Existing General Mandate”	the general mandate approved by the Shareholders on 28 November 2013 authorising the Directors to allot, issue and deal with Shares up to 20% of the issued share capital of the Company as at that date
“Existing Share(s)”	existing shares of HK\$0.01 each in the share capital of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons within the meaning of the Listing Rules
“Issue Mandate”	the general mandate proposed to be sought at the SGM to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM
“Last Trading Day”	21 January 2014, being the last trading day for the Shares before the date of release of this announcement
“Latest Lodging Date”	4:00 p.m. on Friday, 7 March 2014 or such other date and/or time as the Company and the Underwriter may agree as the latest time for lodging transfer of Shares in order to qualify for the Open Offer

“Latest Time for Acceptance”	4:00 p.m. on Monday, 31 March 2014 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Offer Shares
“Latest Time for Termination”	4:00 p.m. on the third business day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed to this term under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Share(s)”	1,574,878,250 Shares proposed to be offered to the Qualifying Shareholders under the Open Offer for subscription on the basis of five (5) Offer Shares for every one (1) existing Share held on the Record Date and payable in full on acceptance pursuant to the terms and subject to the conditions set out in the Underwriting Agreement and to be set out in the Prospectus
“Open Offer”	the proposed offer for subscription by the Qualifying Shareholders for the Offer Shares at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and to be set out in the Prospectus
“Overseas Letter”	a letter to be issued by the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholders”	the Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“Prohibited Shareholder(s)”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer

“Prospectus Documents”	the Prospectus and the application form in respect of the Offer Shares to be issued by the Company in relation to the Open Offer
“Prospectus Posting Date”	Monday, 17 March 2014 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholders”	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company on the Record Date
“Record Date”	Friday, 14 March 2014 or such other date as may be agreed between the Company and the Underwriter for the determination of the entitlements under the Open Offer
“Registrar”	Tricor Secretaries Limited, the branch share registrar of the Company in Hong Kong
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and approve, among other things, the grant of the Issue Mandate, the Open Offer 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)
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before such date would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the issue price of HK\$0.12 per Offer Share at which the Offer Shares are proposed to be offered for subscription
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriter”	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)



“Underwriting Agreement”	the underwriting agreement dated 21 January 2014 entered into between the Company and the Underwriter in relation to the Open Offer
“Untaken Shares”	those (if any) of the Offer Shares for which applications have not been lodged for acceptance or received, as the case may be, on or before the Latest Time for Acceptance
“%”	per cent.

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

Hong Kong, 21 January 2014

*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.*