

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **SOLARTECH INTERNATIONAL HOLDINGS LIMITED**

**蒙古礦業控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1166)**

**(A) PROPOSED CAPITAL REORGANISATION;  
(B) PROPOSED CHANGE OF BOARD LOT SIZE;  
(C) PROPOSED OPEN OFFER OF 944,926,950 OFFER SHARES  
ON THE BASIS OF FIVE (5) OFFER SHARES FOR EVERY ONE (1)  
ADJUSTED SHARE HELD ON THE RECORD DATE**

Financial adviser to the Company



**KINGSTON CORPORATE FINANCE LTD.**

Underwriter to the Open Offer



**KINGSTON SECURITIES LTD.**

### **PROPOSED CAPITAL REORGANISATION**

The Board proposed that the Company implements the Capital Reorganisation which involves, the Share Consolidation, the Capital Reduction and the Share Sub-division, detail of which are set out as follows:

- a. Share Consolidation:** The Board proposed to effect the Share Consolidation pursuant to which every ten (10) existing issued and unissued Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.10 each;

\* For identification purposes only

- b. Capital Reduction:** Immediately after the Share Consolidation, the Board proposed to effect the Capital Reduction pursuant to which the existing issued share capital of the Company will be reduced by a cancellation of (i) the paid-up capital of the Company to the extent of HK\$0.09 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01 and (ii) any fractional Consolidated Share in the issued capital of the Company arising from the Share Consolidation;
- c. Share Sub-division:** Immediately following the Share Consolidation and the Capital Reduction, each of the authorised but unissued Consolidated Shares of HK\$0.10 each will be sub-divided into ten (10) Adjusted Shares of HK\$0.01 each; and
- d. Credit to contributed surplus account:** The credit arising from the Capital Reduction of approximately HK\$17,008,685.10 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 to set off against the accumulated losses of the Company.

**Shareholders and potential investors should be aware of and take note that the Share Consolidation is conditional upon satisfaction of the conditions precedent set out in the paragraph headed “Conditions of the Share Consolidation”, and there may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers accordingly.**

#### **CHANGE OF BOARD LOT SIZE**

The Shares are currently traded on the Stock Exchange in board lot size of 5,000 Shares.

In light of the Capital Reorganisation, the Company also proposes to change the board lot size for trading in the Shares from 5,000 Shares to 20,000 Adjusted Shares subject to the Capital Reorganisation becoming effective.

#### **PROPOSED OPEN OFFER**

The Company proposes to raise approximately HK\$189 million, before expenses, by way of Open Offer of 944,926,950 Offer Shares at the Offer Price of HK\$0.20 per Offer Share on the basis of five (5) Offer Shares for every one (1) Adjusted Share held on the Record Date.

The gross proceeds from the Open Offer will be approximately HK\$189 million. It is intended that the estimated net proceeds of approximately HK\$182 million will be used as to (i) approximately HK\$90 million for repayment of short term loans; (ii) approximately HK\$50 million for financing new trading business on metallurgical grade bauxite of the Group; and (iii) the remaining of approximately HK\$42 million as the working capital of the Company.

The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the Registrar by 4:30 p.m. on Thursday, 9 April 2015. The register of members of the Company will be closed from Friday, 10 April 2015 to Wednesday, 15 April 2015, both dates inclusive, to determine the eligibility of the Open Offer.

The Open Offer 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 Agreement” in this announcement.

**Shareholders and potential investors should note that the Open Offer is subject to the satisfaction of certain conditions as described under the section headed “Conditions of the Open Offer” in this announcement. In particular, it 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 or Adjusted Shares up to the date when the conditions of the Open Offer are fulfilled, 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 Capital Reorganisation and Open Offer, the Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 8 April 2015 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 Wednesday, 6 May 2015), 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.**

#### **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% within the 12-month period immediately preceding the date of this announcement, the Open Offer is subject to the approval of the Independent Shareholders. As at the date of this announcement, as there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will abstain from voting in favour of the resolution(s) relating to the Open Offer at the SGM.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming, to advise the Independent Shareholders in connection with the Open Offer, 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.

The Circular containing, inter alia, (i) further details of the Capital Reorganisation, (ii) further details of the Open Offer, (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Open Offer, (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Open Offer; 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 CAPITAL REORGANISATION

The Board proposes that the Company implements the Capital Reorganisation which involves, among other things, the Share Consolidation, the Capital Reduction and the Share Sub-division. Detail of which are set out as follows:

- a. **Share Consolidation:** The Board proposed to effect the Share Consolidation pursuant to which every ten (10) existing issued and unissued Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.10 each;
- b. **Capital Reduction:** Immediately after the Share Consolidation, the Board proposed to effect the Capital Reduction pursuant to which the existing issued share capital of the Company will be reduced by a cancellation of (i) the paid-up capital of the Company to the extent of HK\$0.09 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01 and (ii) any fractional Consolidated Share in the issued capital of the Company arising from the Share Consolidation;
- c. **Share Sub-division:** Immediately following the Share Consolidation and the Capital Reduction, each of the authorised but unissued Consolidated Shares of HK\$0.10 each will be sub-divided into ten (10) Adjusted Shares of HK\$0.01 each; and
- d. **Credit to contributed surplus account:** The credit arising from the Capital Reduction of approximately HK\$17,008,685.10 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 to set off against the accumulated losses of the Company.

As of the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 comprising 50,000,000,000 Share with a par value of HK\$0.01 each, of which 1,889,853,900 Shares have been issued and fully paid.

Immediately following the Capital Reorganisation, the authorised share capital of the Company will remain as HK\$500,000,000 divided into 50,000,000,000 Adjusted Shares with a par value of HK\$0.01 each, of which 188,985,390 Adjusted Shares will be in issue and the aggregate nominal value of the issued share capital of the Company will be approximately HK\$1,889,853.90 (assuming no new Shares are issued from the date hereof until the effective date of the Capital Organisation). All Adjusted Shares will rank pari passu in all respects with each other.

As at 30 June 2014, the amount standing to the credit of the contributed surplus account of the Company was approximately HK\$612,360,000. Assuming no new Shares are issued from the date hereof until the effective date of the Capital Reorganisation, a total credit of approximately HK\$17,008,685.10 will arise as a result of the Capital Reduction. Such amount will be credited to the contributed surplus account of the Company upon the Capital Reorganisation becoming effective. The Board intends that such amount will be used by the Company to set off against accumulated losses of the Company.

### **Fractional Entitlement to the Adjusted Shares**

Any fraction of the Adjusted Shares arising from the Share Consolidation will not be allocated to the Shareholders otherwise entitled thereto and will be aggregated and sold for the benefit of the Company.

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

The Capital Reorganisation 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 relevant procedures and requirements under the laws of Bermuda and the Listing Rules to give effect to the Capital Reorganisation.

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 the relevant resolution approving the Capital Reorganisation at the SGM.

## 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\$18,898,539.00 represented by 1,889,853,900 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\$1,889,853.90 represented by 188,985,390 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 Share will rank pari passu in all respects with each other.

The effect of the Capital Reorganisation is summarized below:

	<b>Prior to the Capital Reorganisation</b>	<b>After Share Consolidation but immediately before the Capital Reduction (Note)</b>	<b>Immediately following the Capital Reorganisation becoming effective (Note)</b>
Authorised share capital	HK\$500,000,000	HK\$500,000,000	HK\$500,000,000
Nominal value of each Share/Adjusted Share in issue	HK\$0.01	HK\$0.10	HK\$0.01
Number of Authorized share capital	50,000,000,000	5,000,000,000	50,000,000,000
Number of Shares/ Adjusted Shares in issue	1,889,853,900	188,985,390	188,985,390
Issued and fully paid-up share capital	HK\$18,898,539.00	HK\$18,898,539.00	HK\$1,889,853.90

*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.

Implementation of the Capital Reorganisation will not, by 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.

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

The Board is of the opinion that (i) the Capital Reorganisation will provide the Company with greater flexibility for equity funding raising in the future; (ii) 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; and (iii) the Capital Reorganisation can reduce the transaction costs for dealing in the Shares, including charges by reference to the number of share certificates issued. Accordingly, the Board believes that the Capital Reorganisation is in the interest of the Company and its Shareholders as a whole.

### **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 and compliance with the stock admission requirements of HKSCC, 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

## **Arrangement on Odd Lot Trading and Free Exchange of Share Certificates**

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 Limited, to stand in the market to provide matching services for the odd lots of Adjusted Shares on a best effort basis.

Subject to the Capital Reorganisation becoming effective, Shareholders may submit existing certificates for Existing Shares to the Registrar from 2 April 2015 to 14 May 2015 (both dates inclusive) to exchange, at the expense of the Company, for certificates for the Adjusted Shares. Thereafter, certificates for the Existing 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 Existing Shares cancelled or each new share certificate issued for the Adjusted Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, certificates for the Existing 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.

Further details in respect of the odd lots arrangement and the free exchange of new share certificates will be set out in the Circular.

## **CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Shares are currently traded on the Stock Exchange in board lot size of 5,000 Shares.

In light of the Capital Reorganisation, the Company also proposes to change the board lot size for trading of trading in the Shares from 5,000 Shares to 20,000 Adjusted Shares subject to the Capital Reorganisation becoming effective. Based on the closing price of HK\$0.066 per Existing Share on 6 February 2015, being the Last Trading Day, the value of each board lot of the Adjusted Shares, assuming the Capital Reorganisation and the change of board lot size had already become effective, would be HK\$13,200.

The change of board lot size upon the Capital Reorganisation becoming effective will not result in any change in the relative rights of the Shareholders or any odd board lots other than those which already exist.

The Board is of the view that the change of board lot size will improve the liquidity in trading of the Adjusted Shares, thereby enabling the Company to attract more investors and broaden its Shareholders' base eventually. The Board also considers that the proposed change of board lot size will result in Adjusted Shares being in a more reasonable board lot size and value. Hence, the Board believes that the implementation of the Capital Reorganisation and the change of board lot size are in the interests of the Company and its Shareholders as a whole.



## **PROPOSED OPEN OFFER**

The Company proposed to raise approximately HK\$189 million, before expenses, by way of Open Offer of 944,926,950 Offer Shares at the Offer Price of HK\$0.20 per Offer Share on the basis of five (5) Offer Shares for every one (1) Adjusted 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) Adjusted Share held on the Record Date
Offer Price:	HK\$0.20
Number of Shares in issue as at the date of this announcement:	1,889,853,900
Number of Adjusted Shares expected to be in issue immediately after the Capital Reorganisation becoming effective:	188,985,390
Number of Offer Shares:	944,926,950
Number of Offer Shares underwritten by the Underwriter:	944,926,950
Number of Shares in issue upon completion of the Open Offer:	1,133,912,340

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 944,926,950 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.

## Offer Price

The Offer Price is HK\$0.20 per Offer Share, payable in full upon application. The Offer Price represents:

- (i) a discount of approximately 69.70% to the closing price of HK\$0.66 per Adjusted Share as quoted on Stock Exchange on the Last Trading Day, assuming that the Capital Reorganisation having become effective;
- (ii) a discount of approximately 69.70% to the average of the closing prices of approximately HK\$0.66 per Adjusted Share for the last five consecutive trading days including and up to the Last Trading Day, assuming that the Capital Reorganisation having become effective;
- (iii) a discount of approximately 27.8% to the theoretical ex-entitlement price of approximately HK\$0.277 per Adjusted Share after the Open Offer, based on the closing price of HK\$0.66 per Adjusted Share as quoted on the Stock Exchange on the Last Trading Day and having adjusted for the Capital Reorganisation; and
- (iv) a discount of approximately 97.7% to the consolidated net assets value per Share of approximately HK\$8.84 as at 30 June 2014 based on the consolidated net assets attributable to owners of the Company as at 30 June 2014 of HK\$1,671,278,000 and the number of Adjusted Shares expected to be in issue immediately after the Capital Reorganisation becoming effective.

The Offer Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among other things, (i) the market price of the Shares was on a declining trend in the past six months; (ii) the current financial position of the Group; (iii) the discount of offer price per offer share for the open offer conducted by the Group in April 2014; and (iv) 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 and to reflect the absence of the excess application arrangement to Qualifying Shareholders, the Offer Price is set at a relatively deep discount with an objective to lower the further investment cost of Shareholders to encourage them to take up their entitlements and to participate in the potential growth of the Company. 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 Offer Price to the market price is appropriate. Given that 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 and the Open Offer is subject to the approval by the Independent 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 terms of the Open Offer and the Offer 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\$182 million, assuming no further issue of new Shares on or before the Record Date, the net price per Offer Share will be approximately HK\$0.193.

### **Qualifying Shareholders**

The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying 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 Non-Qualifying 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 4:30 p.m. on Thursday, 9 April 2015. The address of the Registrar is at Tricor Secretaries Ltd., Level 22, Hopewell Centre, 183 Queen's Road East, 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 Non-Qualifying Shareholders. Further information in this connection will be set out in the Prospectus.

The Company will send the Prospectus, for information only, to the Non-Qualifying Shareholders.

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

The register of members of the Company will be closed from Monday, 30 March 2015 to Wednesday, 1 April 2015, 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 Friday, 10 April 2015 to Wednesday, 15 April 2015, 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 Friday, 8 May 2015 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 Friday, 8 May 2015 by ordinary post at the respective Shareholders' own risk.

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

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 (i) each Qualifying Shareholder will be given an equal and fair opportunity to participate in the Open Offer and maintain their respective interests on the Company by accepting the Offer Shares under the Open Offer; and (ii) additional effort and cost (estimated to be HK\$200,000 to HK\$500,000) will be needed to administer the excess application procedures; and (iii) the Open Offer will be subject to the approval by the Shareholders at the SGM for the Open Offer to proceed, the Board considers that the arrangement for excess application is therefore not cost effective. Notwithstanding excess application arrangement will not be made available to Qualifying Shareholders, the Board considers that with a deeper discount to the Offer Price offered to Qualifying Shareholders would encourage them to participate the Open Offer and to participate in the potential growth of the Company. In light of the above, the Board considers that the Open Offer in the absence of excess application arrangement is in the interests of the Shareholders. 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. The trading board lot size of the Offer Shares is 20,000 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 and compliance with the stock admission requirements of HKSCC, 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 settlement day is required to take place in CCASS on the second settlement 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.

## **UNDERWRITING ARRANGEMENT**

### **Underwriting Agreement**

Date:	6 February 2015 (after trading hours)
Underwriter:	Kingston Securities Limited
Total number of Offer Shares:	944,926,950 Offer Shares
Total number of Offer Shares underwritten by the Underwriter:	all the Offer Shares, being 944,926,950 Offer Shares
Underwriting commission:	2.5%

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 associates are Independent Third Parties. As at the date of this announcement, the Underwriter is interested in 21 Shares.

The Board has not approached any other underwriters to consider underwriting the Open Offer for the following reasons:

- (a) the Company has a long business relationship with the Underwriter and believes the Underwriter is a reputable securities firm and is willing to engage with the Company and has a track record of completing market deals successfully with the Company;
- (b) there is only a limited number of underwriters who is willing to work with companies of small capitalisation; and

- (c) the Company does not intend to approach multiple underwriters that has no prior business relationship with the aim of keeping inside information confidential before publication of an announcement and not putting any person in a privileged dealing position as the Open Offer is a highly material and price sensitive information.

The Company will pay the Underwriter an underwriting commission of 2.5% of the aggregate Offer 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 hold 10% or more 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) 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:

- (i) the passing of necessary resolution(s) at the SGM to approve the Capital Reorganisation by the Shareholders and the Open Offer by the Independent Shareholders;
- (ii) the Capital Reorganisation becoming effective;
- (iii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively 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 (Winding Up and Miscellaneous Provision) Ordinance not later than the Prospectus Posting Date;

- (iv) 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 Non-Qualifying 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;
- (v) the Listing Committee of 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;
- (vi) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms; and
- (vii) 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, save and except item (viii) above which can only be waived by the Underwriter, are incapable of being waived. If the Conditions Precedent are not satisfied and/or waived (as the case may be) in whole or in part by the Company or by the Underwriter by the Latest Time for Termination (or such other time and date as stipulated in the Underwriting Agreement) 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**

The Underwriter shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination:

- (i) 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 thereof) 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

- (ii) 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
- (iii) 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
- (iv) 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
- (v) 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
- (vi) 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
- (vii) 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, the Circular or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

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 4:00 p.m. on the Settlement Date:

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

Any such notice shall be served by the Underwriter prior to 4:00 p.m. on the Settlement Date.



## 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 2014, the bank balances and cash for the year ended 30 June 2014 was approximately HK\$268.5 million and the short term borrowings of the Group for the same period was approximately HK\$158.2 million. During the second half of 2014, the Company has repaid borrowings of approximately HK\$93 million. As at 31 December 2014, the bank balances and cash was approximately HK\$125.4 million and the outstanding amount of the short term borrowings of the Group is approximately HK\$135 million being the aggregate of bank loans in the sum of approximately HK\$87 million and trust receipt in the sum of approximately HK\$48 million.

As the price and demand of commodity goods, such as copper, started to decline in the PRC starting from January 2014 and the banks had adopted tighter credit and investment controls for providing facilities to companies with copper business recently. With the continuous decrease in oil price and copper price in late 2014, the effect of tighten up credit and investment controls of banks have become more significant and some of the banks of the Group have already lowered the loan or facility amount granted to the Company. In light of this, it is expected that it will become more difficult for the Group to obtain additional banking facilities or renew the bank facilities after repayment of the loans. As such, after considering the above, the Directors are of the view that additional funding is necessary to facilitate the operation of the existing business of the Group and at the same time to maintain a reasonable cash and bank balance for the healthy operation of the Company. The Directors are also of the view that it would be vital for the Group to diversify its business exposure with a view to broaden its revenue base and achieve better return of the Shareholders. The Open Offer would enable the Group to raise sufficient fund to maintain the financial flexibility necessary for the Group's business development. Should attractive and appropriate investment opportunity become available to the Group, the Board will be able to respond to the market in a timely manner.

In addition, reference is made to the announcement of the Company dated 13 August 2014 in relation to, among other things, the acquisition of 51% of the enlarged registered capital of 河南盛祥實業有限公司 (Henan Shengxiang Industry Co., Ltd.\*) ("**Henan Shengxiang**") by way of capital injection by Dongguan Hua Yi Brass Products Co., Ltd ("**Dongguan Hua Yi**"), an indirect wholly-owned subsidiary of the Company. As disclosed in the said announcement, Henan Shengxiang is engaged in import of metallurgical grade bauxite and selling to a sizeable state-owned enterprise in Henan for production of aluminum oxide. The Directors are optimistic about the future prospects of and gained confidence in the new trading business of metallurgical grade bauxite. In order to strive for larger orders and attract more customers, the Group is considering the expansion of the trading volume for this new business by either setting up a new subsidiary or further investing on Dongguan Hua Yi for an amount of approximately HK\$50 million. It is expected that the sales to other alumina enterprises will provide further contributions to the profit of the Group if the trading volume of metallurgical grade oxide is increased. And hence the Board would like to raise fund to facilitate the development and expansion of the new trading business by way of the proposed Open Offer.

It is expected that the gross proceeds from the Open Offer will be approximately HK\$189 million. It is expected that the estimated net proceeds, after deducting all the expenses in connection with the Open Offer, are approximately HK\$182 million which are intended to be used as to: (i) approximately HK\$90 million for repayment of short term loans, (ii) approximately HK\$50 million for financing new trading business of metallurgical grade bauxite of the Group; and (iii) approximately HK\$42 million as the working capital of the Group. The estimated usage of the general working capital for Hong Kong office and the PRC operations of the Group (including the administrative and operation expenses, such as salaries and professional fees, and other office expenses, etc.) is approximately HK\$5 million per month.

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 has also considered rights issue as an alternative means of fund raising before resolving to the Open Offer which a rights issue is similar to an open offer except that it enabled the Shareholders to trade in nil-paid rights. If the Company is to carry out a rights issue instead of the Open Offer, additional administrative work would be involved by the Company for arranging the trading of nil-paid rights and liaising with other parties such as the branch share registrar of the Company, the Underwriter, financial printer and other professional advisers. It is estimated that the additional costs and expenses of around HK\$300,000 would be incurred for such administrative work and the arrangement of trading the nil-paid rights. 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. Having considered and balanced against the extra administrative work and additional cost which will be involved for the trading arrangement of nil-paid rights, and given that all Qualifying Shareholders can have an equal opportunity to maintain their interests in the Company, the Directors are of the view that raising funds by way of the Open Offer is a better option and the Open Offer is in the interests of the Company and the Shareholders as a whole. **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.

## WARNING OF THE RISKS OF DEALING IN THE SHARES

Shareholders and potential investors should note that the Open Offer is subject to the satisfaction of certain conditions as described under the section headed “Conditions of the Open Offer” in this announcement. In particular, it 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 or Adjusted Shares up to the date when the conditions of the Open Offer are fulfilled, 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 Capital Reorganisation and Open Offer, the Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 8 April 2015 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 Wednesday, 6 May 2015), 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.

## EXPECTED TIMETABLE OF THE CAPITAL REORGANISATION AND OPEN OFFER

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

2015

Expected date of despatch of the Circular with notice of SGM and proxy form on Capital Reorganisation and Open Offer . . . . .	Monday, 9 March
Latest time for lodging transfer of Shares in order to be entitled to vote at the SGM. . . . .	4:30 p.m. on Friday, 27 March
Register of members of the Company closes to determine the eligibility to vote at the SGM (both days inclusive) . . . . .	Monday, 30 March To Wednesday, 1 April

Latest time for lodging forms of proxy for the SGM . . . . .	10:00 a.m. on Monday, 30 March
Record date for attendance and voting at the SGM . . . . .	Wednesday, 1 April
Date and time of the SGM. . . . .	10:00 a.m. on Wednesday, 1 April
Announcement of results of the SGM . . . . .	Wednesday, 1 April
Register of members re-opens . . . . .	Thursday, 2 April

**The following events are conditional on the fulfillment of the conditions for the implementation of the Capital Reorganisation.**

Effective date of the Capital Reorganisation . . . . .	Thursday, 2 April
First day of free exchange of existing share certificates for new share certificates . . . . .	Thursday, 2 April
Dealing in Adjusted Shares commences . . . . .	9:00 a.m. on Thursday, 2 April
Original counter for trading in Existing Shares in board lots of 5,000 Shares (in the form of existing share certificates) temporarily closes . . . . .	9:00 a.m. on Thursday, 2 April
Temporary counter for trading in the Adjusted Shares in board lots of 500 Adjusted Shares (in the form of existing share certificates) opens . . . . .	9:00 a.m. on Thursday, 2 April
Last day of dealings in Adjusted Shares on a cum-entitlement basis in respect of the Open Offer . . . . .	Thursday, 2 April
First day of dealings in Adjusted Shares on an ex-entitlement basis in respect of the Open Offer . . . . .	Wednesday, 8 April
Latest time for lodging transfer of Adjusted Shares in order to be qualified for the Open Offer. . . . .	4:30 p.m. on Thursday, 9 April
Register of members of the Company closes to determine the entitlements under the Open Offer . . . . .	Friday, 10 April to Wednesday, 15 April (both dates inclusive)

Record Date for the Open Offer . . . . .	Wednesday, 15 April
Register of members of the Company re-opens . . . . .	Thursday, 16 April
Despatch of the Prospectus Documents (in case of the Non-Qualifying Shareholders, the Prospectus only) . . . . .	Thursday, 16 April
Original counter for trading in Adjusted Shares in board lots of 20,000 Adjusted Shares (in the form of new share certificates) reopens. . . . .	9:00 a.m. on Tuesday, 21 April
Parallel trading in Adjusted Shares (in the form of new and existing share certificates) commences . . . . .	9:00 a.m. on Tuesday, 21 April
Designated broker starts to stand in the market to provide matching services for odd lots of Adjusted Shares . . . . .	Tuesday, 21 April
First day of operation of odd lot trading facility . . . . .	Tuesday, 21 April
Latest time for acceptance of and payment for the Offer Shares . . . . .	4:00 p.m. on Thursday, 30 April
Latest time for the Open Offer to become unconditional . . . . .	4:00 p.m. on Wednesday, 6 May
Announcement of the results of the Open Offer. . . . .	Thursday, 7 May
Despatch of share certificates and refund cheques for Offer Shares . . . . .	Friday, 8 May
Dealings in Offer Shares commence . . . . .	9:00 a.m. on Monday, 11 May
Temporary counter for trading the Adjusted Shares in board lots of 500 Adjusted Shares (in the form of existing share certificates) closes. . . . .	4:00 p.m. on Tuesday, 12 May
Parallel trading in Adjusted Shares (in the form of new and existing share certificates) ends . . . . .	4:00 p.m. on Tuesday, 12 May
Last day of operation of odd lot trading facility. . . . .	Tuesday, 12 May
Latest time for free exchange of share certificates. . . . .	4:00 p.m. on Thursday, 14 May

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. If the Latest Time for Acceptance does not take place on Thursday, 30 April 2015 (“**Last Acceptance Date**”), the above dates may be affected. The Company will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

The latest time for acceptance of and payment for Offer Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a ‘black’ rainstorm warning

- i. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Last Acceptance Date. Instead the latest time for acceptance of and payment for the offer shares will be extended to 5:00 p.m. on the same business day;
- ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Last Acceptance Date. Instead the latest time of acceptance of and payment for the offer shares will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the offer shares does not take place on Last Acceptance Date, the dates mentioned in the ‘Expected timetable of the Capital Reorganisation and Open Offer’ section may be affected. The Company will notify shareholders by way of announcements on any change to the expected timetable as soon as practicable.

## 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	Prior to the Open Offer				Upon Completion of the Open Offer			
	As at the date of this announcement		Immediately after the Capital Reorganisation become effective		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>No. of Shares</i>	<i>Approximately % Adjusted Shares</i>	<i>No. of Shares</i>	<i>Approximately % Adjusted Shares</i>	<i>No. of Shares</i>	<i>Approximately % Adjusted Shares</i>	<i>No. of Shares</i>	<i>Approximately % Adjusted Shares</i>
The Underwriter and its sub-underwriter(s) and subscriber(s) procured by the Underwriter (if any)	21	0.00	2	0.00	944,926,952	83.33	12	0.00
Other public Shareholders	1,889,853,879	100.00	188,985,388	100.00	168,985,388	16.67	1,133,912,328	100.00
<b>Total</b>	<b>1,889,853,900</b>	<b>100.00</b>	<b>188,985,390</b>	<b>100.00</b>	<b>1,133,912,340</b>	<b>100.00</b>	<b>1,133,912,340</b>	<b>100.00</b>

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.

## CORPORATE ACTIONS OF THE COMPANY IN THE PAST 12 MONTHS

The followings are the corporate actions of the Company and the related dilution effect on the share price and shares in issue after the corporate action during the past 12 months (including the date of this announcement):

Date of announcement	Event	Dilution effect on the share price after the corporate action	Total number of shares in issue after relevant corporate action	Dilution effect on the Company's shares in issue after the relevant corporate action (approximately)
21 January 2014	Open offer on the basis of five offer shares for every one share (the "2014 Open Offer")	Adjusted downwards by approximately 55% (Note 1)	1,889,853,900	83.33% (Note 2)
This announcement	Capital Reorganisation	Adjusted upwards by 10 times	188,985,390	No effect (Note 3)
	Open Offer on the basis of five Offer Shares for every one Adjusted Share	Adjusted downward by approximately 58% (Note 4)	1,133,912,340	83.33% (Note 2)
	Accumulated dilution effect with reference to the number of shares in issue as at 21 January 2014 of 314,975,650 shares and adjusted for the Capital Reorganisation (Note 4)			97.22%

### Notes:

- The dilution effect on the share price is calculated based on the theoretical ex-entitlement price of approximately HK\$0.160 per share of the 2014 Open Offer and the theoretical closing price of HK\$0.360 per share based on the then closing share price as quoted on the Stock Exchange on 21 January 2014, being the last trading day for the shares of the Company before the date of release of the announcement of the 2014 Open Offer.
- The dilution effect on the Shares only applies to those Shareholders who do not apply for the open offer.
- The corporate action was on a pro rata basis and the shareholding of all Shareholders would remain unchanged.
- The dilution effect on the share price is calculated based on the theoretical ex-entitlement price of approximately HK\$0.277 per Adjusted Share and the theoretical closing price of HK\$0.66 per Adjusted Share based on the closing price per share as quoted on the Stock Exchange on 6 February 2015, being the Last Trading Day.

5. For illustrative purpose only, the accumulated dilution effect shows the effect on shareholdings of the Company after the corporate actions involving issuance of new shares of the Company since 21 January 2014, being the date of the 2014 Open Offer announcement and up to the completion of the proposed Open Offer (assuming nil acceptance by the Qualifying Shareholders and the Capital Reorganisation having become effective).

## FUND RAISING ACTIVITY IN THE PAST 12 MONTHS

Apart from the fund raising activity mentioned below, the Company has not carried out other equity fund raising activities in the past 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>
21 January 2014 (Note)	Open offer of 1,574,878,250 offer shares on the basis of five (5) offer shares for every one (1) existing share	– Approximately HK\$40 million for developing a parcel of land situated on the Santai Industrial Zone	– Approximately HK\$8 million utilized as intended and the remaining was deposited at the banks
		– Approximately HK\$30 million for renovation of two factories owned by the Group in Changping Town, Dongguan	– Fully utilized as intended
		– Approximately HK\$60 million for the repayment of short term loans	– Fully utilized as intended
		– Approximately HK\$53 million for general working capital of the Group	– Fully utilized as intended

*Note:* This open offer was completed on 17 April 2014.



## **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% within the 12-month period immediately preceding the date of this announcement, 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, as there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates is required to abstain from voting in favour of the resolution(s) in relation to the Open Offer at the SGM.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming, to advise the Independent Shareholders in connection with the Open Offer, 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 matters (i) the Capital Reorganisation and (ii) the Open Offer.

The Circular containing, inter alias, (i) further details of the Capital Reorganisation, (ii) further details of the Open Offer, (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Open Offer, (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Open Offer; 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.

## DEFINITIONS

Unless the context requires otherwise, capitalized terms in this announcement shall have the following meanings:

“Adjusted Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	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
“Bye-Laws”	the bye-laws of the Company from time to time
“Capital Reduction”	the reduction in the issued share capital of the Company by the cancellation of (i) the paid-up capital of the Company to the extent of HK\$0.09 on each Consolidated Share such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01 and (ii) any fractional Consolidated Share in the issued capital of the Company arising from the Share Consolidation
“Capital Reorganisation”	the Share Consolidation, the Capital Reduction, the Share Sub-division and the Credit to contributed surplus account, details of which are set out in the section entitled “Proposed Capital Reorganisation” in this announcement
“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 Capital Reorganisation and the Open Offer
“Companies Act”	The Companies Act 1981 of Bermuda, as amended from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) 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, whose shares are listed on the Main Board of the Stock Exchange (Stock code: 1166)
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company immediately after the Share Consolidation becoming effective but before the Capital Reduction becoming effective
“Director(s)”	director(s) of the Company for the time being
“Existing Share(s)”	existing Shares of HK\$0.01 each in the share capital of the Company immediately before the Capital Reorganisation becoming effective
“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”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board comprising all three independent non-executive Directors, established for the purpose of advising and giving recommendation to the Independent Shareholders on the terms of the Open Offer
“Independent Shareholder(s)”	Shareholders other than those who are required to abstain from voting at the SGM under the Listing Rules and other applicable laws and regulations
“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 meanings of the Listing Rules
“Last Trading Day”	6 February 2015, being the last trading day for the Shares before the date of publication of this announcement
“Latest Lodging Date”	4:30 p.m. on Thursday, 9 April 2015 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 Thursday, 30 April 2015 (or such later time or date as may be agreed between the Underwriter and the Company in writing as the latest time for acceptance of, and payment for, the Offer Shares as described in the Prospectus)
“Latest Time for Termination”	4:00 p.m. on Wednesday, 6 May 2015 (or such later time or date as may be agreed between the Underwriter and the Company in writing as 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
“Non-Qualifying Shareholders”	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
“Offer Price”	the issue price of HK\$0.20 per Offer Share at which the Offer Share are proposed to be offered for subscription under the Open Offer
“Offer Share(s)”	944,926,950 Adjusted 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) Adjusted 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 Offer Price on the terms and subject to the conditions set out in the Underwriting Agreement and to be set out in the Prospectus
“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
“PRC”	the People’s Republic of China which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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”	Thursday, 16 April 2015 (or such later date as may be agreed between the Underwriter and the Company in writing as to the date of despatch of the Prospectus Documents To Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be))
“Qualifying Shareholders”	the Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company on the Record Date
“Record Date”	Wednesday, 15 April 2015 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 Capital Reorganisation, 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 prior to the Capital Reorganisation or Adjusted Share(s) of HK\$0.01 each, as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) Existing Shares in issue into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of the Share(s)
“Share Sub-division”	the sub-division of every one (1) authorised but unissued Consolidated Share of HK\$0.10 each into ten (10) Adjusted Shares of HK\$0.01 each
“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

“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)
“%”	per cent.

On Behalf of the Board  
**Solartech International Holdings Limited**  
**CHAU Lai Him**  
*Chairman and Managing Director*

Hong Kong, 6 February 2015

*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.*