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SOLARTECH INTERNATIONAL HOLDINGS LIMITED

蒙古礦業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01166)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN PICO ZEMAN SECURITIES (HK) LIMITED

After trading hours on 19 October 2015, the Purchaser (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser has conditionally agreed to acquire from the Vendor the Sale Shares at a total consideration of HK\$72,000,000. The Sale Shares represent the entire issued share capital of the Target Company.

The consideration for the Sale Shares payable under the Sale and Purchase Agreement is HK\$72,000,000 and shall be satisfied by (i) an initial deposit and part payment of the consideration in the sum of HK\$30,000,000 from the Purchaser to the Vendor upon the signing of the Sale and Purchase Agreement; and (ii) payment of the balance in the sum of HK\$42,000,000 through a Promissory Note to be issued by the Company in favour of the Vendor (or his nominee).

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

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

* For identification purposes only

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

The Board is pleased to announce that after trading hours on 19 October 2015, the Purchaser (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor to acquire the entire interest in the Target Company. The principal terms of the Sale and Purchase Agreement are set out below:

THE SALE AND PURCHASE AGREEMENT

Date

19 October 2015

Parties

- (i) the Purchaser; and
- (ii) the Vendor.

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

Shares to be acquired

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing, at Completion, the entire issued share capital of the Target Company. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Purchaser and an indirect wholly-owned subsidiary of the Company.

Based on the financial statements of the Target Company prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS), the net loss (before and after taxation) of the Target Company for each of the financial years ended 30 June 2014 (audited) and 30 June 2015 (unaudited) are as follows:

	Year ended 30 June 2014 (audited) <i>HK\$</i>	Year ended 30 June 2015 (unaudited) <i>HK\$</i>
Net loss before taxation	7,179,826	3,044,808
Net loss after taxation	7,203,537	3,044,808

The unaudited total asset value of the Target Company as at 30 June 2015 was approximately HK\$38,835,032.

Consideration and payment terms

The total consideration payable by the Purchaser to the Vendor under the Sale and Purchase Agreement is HK\$72,000,000 and shall be satisfied as follows:

- (i) an initial deposit and part payment of the consideration in the sum of HK\$30,000,000 shall be payable to the Vendor upon the signing of the Sale and Purchase Agreement and refundable to the Purchaser in the event that the conditions precedent are not satisfied or (if applicable) waived on or before the Long Stop Date and Completion does not take place in accordance with the Sale and Purchase Agreement; and
- (ii) the remaining balance of the consideration in the sum of HK\$42,000,000 shall be satisfied by the Purchaser by procuring the Company to issue the Promissory Note in favour of the Vendor (or his nominee as he may direct in writing at three (3) Business Days before Completion) upon Completion.

The initial deposit of the consideration under the Sale and Purchase Agreement will be funded by the Group's internal resources and the remaining balance thereof will be funded by the Group's internal resources and/or other means such as bank borrowing and/or equity fund raising as the Directors may deem appropriate.

Basis of determination of the consideration

The consideration for the Sale Shares was determined after arm's length negotiations between the Purchaser and the Vendor taking into account various factors, amongst others, the SFC licensed status of the Target Company to carry on Type 1 regulated activity (dealing in securities) under the SFO, the potential SFC licensing status of the Target Company to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities on obtaining the approval by the SFC, the past operation and business performance of the Target Company, the Group's assessment of the future prospect of the investment and financial industry in Hong Kong and a valuation by an independent valuer appointed by the Company using the market based approach.

Conditions precedent

Completion of the Sale and Purchase Agreement is conditional on the following conditions being satisfied (except (e), (f), (g), (i), (j) and (k) which are to be satisfied on the Completion Date) or (if applicable) waived by the Purchaser on or before the Long Stop Date (except (c) and (d) which cannot be waived):

- (a) the legal, financial, operational and other due diligence on the affairs of the Target Company being completed and the results thereof being satisfactory to the Purchaser;
- (b) the Vendor having proved that he has a good title to the Sale Shares, free from all encumbrances;
- (c) the obtaining by the Purchaser of the written approval of the SFC for the Purchaser and the Company to become substantial shareholders of the Target Company under section 132 of the SFO as a result of the acquisition by the Purchaser of the Sale Shares as contemplated by the Sale and Purchase Agreement;
- (d) (if any) all conditions stipulated and/or imposed by SFC relating to the approval or consent to the acquisition by the Purchaser of the Sale Shares having been fully fulfilled;
- (e) the Target Company remaining licensed as a Type 1 licensed corporation under the SFO;
- (f) the Target Company remaining an Exchange Participant;
- (g) the Target Company remaining a Direct Clearing Participant;
- (h) all other necessary authorisations, consents and approvals of all governmental or regulatory authorities, agencies or bodies for the acquisition by the Purchaser of the Sale Shares (if any) having been obtained;
- (i) all licences, authorisations and approvals of the Target Company for the conduct of its business remaining valid and effective and not having been revoked or terminated, and no additional conditions, restrictions or suspension have been imposed on any of such licences or any of the regulated activities approved to be conducted by the Target Company;

- (j) the Purchaser not becoming aware of any of the warranties being untrue or inaccurate in any respects prior to Completion;
- (k) there shall not have occurred any change which is materially adverse to the validity and continuity of the licences, consents and approvals held by the Target Company; and
- (l) the Vendor shall have provided a copy of the 2015 audited financial statements of the Target Company for the year ended 30 June 2015.

Completion

Completion shall take place within five (5) Business Days after the conditions precedent set out above (other than (e), (f), (g), (i), (j) and (k) which shall remain being fulfilled up to and including the Completion Date) have been fulfilled to the satisfaction of the Purchaser or waived by it.

If Completion does not take place on the Completion Date as a result of the Vendor failing to comply fully with any of its obligations in relation to delivering or causing to be delivered certain documents on the Completion Date to the Purchaser, the Purchaser may at its option (but without prejudice to any other right or remedy it may have) by notice to the Vendor elect to:–

- (a) proceed to Completion in so far as the Purchaser deems practicable;
- (b) postpone the Completion Date to a date (being a Business Day) falling not more than ten (10) Business Days after the date set for Completion and the provisions of the Sale and Purchase Agreement shall apply as if the Completion Date is the date to which Completion is so postponed; or
- (c) terminate the Sale and Purchase Agreement.

Termination

The Sale and Purchase Agreement may be terminated by the Purchaser at any time prior to Completion if:

- (a) the Purchaser becomes aware that any of the warranties was at the date of the Sale and Purchase Agreement, or has since become, untrue or misleading or has been breached, whether or not such breach is repudiatory, and the Purchaser gives notice to the Vendor that it wishes to terminate;
- (b) the Vendor is in material breach, whether repudiatory or not, of any term of the Sale and Purchase Agreement and the Purchaser gives notice to the Vendor that it wishes to terminate; or
- (c) as mentioned above, the Vendor fails to fully comply with any of its obligations in relation to delivering or causing to be delivered certain documents on the Completion Date to the Purchaser and as a result, Completion does not take place on the Completion Date and the Purchaser gives notice to the Vendor to terminate the Sale and Purchase Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

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 results announcement of the Company in respect of its results for the year ended 30 June 2015, the Group is considering reducing or eliminating existing manufacturing businesses suffering long-term losses such as the cables and wires and copper rod businesses, whilst the Group will closely monitor the economic development and investment environment in Mongolia so as to assess the risks if the Group is to continue to make an investment there.

The Group has been actively exploring other new investments and business opportunities. In the past, the Group has invested into the bulk commodity trading business which has achieved satisfactory results in the current year.

The Directors have also been reviewing the market conditions of the financial services sector and related businesses and are of the view that such sectors and businesses are expected to have positive potential and bring long-term benefits to the Group. The Company has therefore decided to expand into the financial services sector and related businesses.

Pursuant to the Sale and Purchase Agreement, the Group will acquire 100% of the issued shares of the Target Company. Currently, the core business of the Target Company comprises of securities brokerage and dealing. It holds a Type 1 regulated activity (dealing in securities) licence issued by the SFC under the SFO. It is also an Exchange Participant and a Direct Clearing Participant.

The Group plans to use the Target Company as its initial platform in establishing its financial services and related businesses. The Target Company has recently submitted an application to the SFC for approval of the addition of Type 4 (advising on securities) and Type 9 (asset management) regulated activities. Although such licensing application is not a condition precedent to completion of the Acquisition and there is no guarantee that the approval of such licensing application can be obtained from the SFC, the Company's intention is to develop the Target Company to become an integrated security house offering sales and trading, investment advisory services, discretionary account services and asset management services in due course.

Having considered the past operation and business performance of the Target Company and the importance of the SFC licensed status as well as the potential SFC licensing status of the Target Company to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities on obtaining the approval by the SFC that the Group could achieve through the Acquisition, the Board considers that the terms of, and the transaction contemplated under, the Sale and Purchase Agreement are on normal commercial terms, are fair and reasonable and in the interests of the Company and shareholders as a whole.

INFORMATION ON THE PARTIES

(I) The Target Company

The Target Company is a company incorporated in Hong Kong with limited liability. It is currently licensed to carry on Type 1 regulated activity (dealing in securities) under the SFO. It is also an Exchange Participant and a Direct Clearing Participant. The Target Company has recently submitted an application to the SFC for approval of the addition of Type 4 (advising on securities) and Type 9 (asset management) regulated activities. Such licensing application, however, is not a condition precedent to completion of the Acquisition and there is no guarantee that the approval of such licensing application can be obtained from the SFC.

(II) The Vendor

The Vendor is the registered, legal and beneficial owner of the Sale Shares.

(III) The Purchaser

The Purchaser is a wholly-owned subsidiary of the Company and is an investment holding company.

(IV) The Group

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.

LISTING RULES IMPLICATIONS

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

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

DEFINITIONS

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

“Acquisition”	the acquisition by the Purchaser of 100% of the equity interest in the Target Company pursuant to the Sale and Purchase Agreement;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday or a public holiday) on which licensed commercial banks are open for general banking business for members of the public in Hong Kong;
“CCASS”	means the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited;
“Company”	Solartech International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the Sale and Purchase Agreement in accordance with its respective terms;
“Completion Date”	the fifth (5th) Business Day after the conditions precedent pursuant to the Sale and Purchase Agreement are being fulfilled;
“Director(s)”	the director(s) of the Company;
“Direct Clearing Participant”	means a “Direct Clearing Participant” as defined in and has the same meaning in the General Rules of CCASS;
“Exchange Participant”	an “Exchange Participant” as defined in and has the same meaning in the Rules and Regulations of the Stock Exchange as prescribed by the Exchange Board as from time to time in effect;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Long Stop Date”	a date not exceeding nine (9) months from the date of the Sale and Purchase Agreement or such other date(s) as may be agreed in writing by the parties thereto from time to time;
“Promissory Note”	means the 24 months maturity 6% interest per annum promissory note with principal face value of HK\$42,000,000 to be issued by the Company in favour of the Vendor (or his nominee);
“PRC”	the People’s Republic of China;
“Purchaser”	Chau’s Industrial Investments Limited, a company incorporated in the British Virgin Islands, and is a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement between the Purchaser and the Vendor on 19 October 2015 in respect of the Acquisition;
“Sale Shares”	25,000,000 Shares, representing the entire issued share capital of the Target Company;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Pico Zeman Securities (HK) Limited, a limited liability company incorporated in Hong Kong with limited liability and wholly owned by the Vendor with company number 1348235, currently licensed to carry on Type 1 regulated activity (dealing in securities) under the SFO;
“Vendor”	Mr. Lee Yuk Lun (李鋈麟), the registered legal and beneficial owner of the Sale Shares; and
“%”	per cent.

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

Hong Kong, 19 October 2015

As at the date of this announcement, the executive Directors are Mr. Chau Lai Him, Mr. Zhou Jin Hua, Mr. Liu Dong Yang, Mr. Buyan-Otgon Narmandakh and Mr. Chau Chi Ho and the independent non-executive Directors are Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming.