

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims 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

榮盛科技國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1166)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

PLACING AGENT



KINGSTON SECURITIES LIMITED

On 17 June 2004, the Vendor entered into the Placing Agreement and the Subscription Agreement with the Placing Agent and the Company respectively. Pursuant to the Placing Agreement, the Vendor has agreed to place, through the Placing Agent, 54,000,000 Placing Shares, on a fully underwritten basis, to not fewer than six independent institutional, corporate or individual investors at a price of HK\$0.27 per Share. Pursuant to the Subscription Agreement, the Vendor conditionally agreed to subscribe for 54,000,000 Subscription Shares at a price of HK\$0.27 per Share.

The Placing Shares and the Subscription Shares represent (i) about 19.78% of the existing issued share capital of the Company comprising 272,974,362 Shares as at the date of this announcement and (ii) about 16.52% of the issued share capital of the Company as enlarged by the Subscription comprising 326,974,362 Shares.

The Placing Price and the Subscription Price of HK\$0.27 represents a discount of 12.34% to the benchmarked price of the Shares, which is the higher of i) the closing price of HK\$0.27 on 17 June 2004, being the date of the Placing Agreement and the Subscription Agreement; and ii) the average closing price of HK\$0.308 in the last 5 trading days prior to the date of the Placing Agreement.

The Subscription is conditional upon the Stock Exchange granting the listing of, and the permission to deal in, the Subscription Shares.

The gross proceeds from the Subscription will be HK\$14.58 million. The net proceeds from the Subscription of about HK\$14.2 million will be used for purchasing raw materials (including copper, cathode and PVC resin) for production of cables and wires. The net proceeds raised per Share upon the completion of the Placing and the Subscription will be about HK\$0.263 per Share.

THE PLACING AGREEMENT

Date

17 June 2004

Parties involved

The Placing Agent and the Vendor

Placing Agent

Kingston Securities Limited is the Placing Agent and will receive a placing commission of 1.5% on the gross proceeds of the Placing paid by the Company, which was arrived at after arm's length negotiations between the Company and the

* for identification purposes only

Placing Agent. The Placing Agent is not a connected person (as defined in the Listing Rules) and is independent of and not connected with the Company nor with the directors, chief executive or substantial shareholder of the Company, and any of their subsidiaries or any of their respective associates.

Placees

The Placing Shares will be placed to not fewer than six placees who are institutional or corporate or individual investors. All the placees and their respective ultimate beneficial owners will be independent of and not connected with the Company, any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates (as defined in the Listing Rules).

Placing price

The Placing Price of HK\$0.27 represents a discount of 12.34% to the benchmarked price of the Shares, which is the higher of i) the closing price of HK\$0.27 on 17 June 2004, being the date of the Placing Agreement; and ii) the average closing price of HK\$0.308 in the last 5 trading days prior to the date of the Placing Agreement.

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

The Placing Shares

The Placing Shares represent (i) about 19.78% of the existing issued share capital of the Company of 272,974,362 Shares as at the date of this announcement; and (ii) about 16.52% of the issued share capital of the Company of 326,974,362 Shares as enlarged by the Subscription.

Ranking of Placing Shares

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

Condition of the Placing

The Placing is unconditional.

THE SUBSCRIPTION AGREEMENT

Date

17 June 2004

Parties involved

The Company and the Vendor

The Subscriber

The Vendor holds 55,752,000 Shares in the Company as at the date of this announcement, representing about 20.42% of the Company's existing issued share capital comprising 272,974,362 Shares. Upon completion of the Placing and the Subscription, the Vendor will hold about 17.05% of the then issued share capital of the Company comprising 326,974,362 Shares.

The Subscription Price

The Subscription Price is HK\$0.27 per Share. The Subscription Price is equivalent to the Placing Price and was determined after arm's length negotiation between the Company and the Vendor with reference to, among other things, the Placing Price of the Placing Shares.

Number of Subscription Shares

The Subscription Shares represent (i) about 19.78% of the existing issued share capital of the Company as at the date of this announcement comprising 272,974,362 Shares; and (ii) about 16.52% of the issued share capital of the Company as enlarged by the Subscription comprising 326,974,362 Shares.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares in issue at the time of issue and allotment of the Subscription Shares.

Conditions

The Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Subscription Shares;
- (b) completion of the Placing; and
- (c) the Company obtaining all consents and approvals from the relevant authorities, if applicable, to allot, issue and subsequent transfer of the Subscription Shares.

The Subscription Agreement does not provide either party the rights to waive the above conditions.

Completion

Under the Listing Rules, the Subscription must be completed within 14 days from the date of the Subscription Agreement, that is, on or before 30 June 2004.

In the event that the conditions to the Subscription Agreement are not fulfilled by 30 June 2004, the Company and the Vendor may elect, subject to compliance with all requirements in relation to connected transactions under the Listing Rules, to postpone completion of the Subscription to a later date to be agreed between the Company and the Vendor.

APPLICATION FOR LISTING

Application will be made by the Company to the listing committee of the Stock Exchange for the granting of the listing of, and the permission to deal in, the Subscription Shares.

GENERAL MANDATE

The Subscription Shares will be allotted and issued pursuant to the general mandate to allot, issue and deal with a maximum of 54,594,872 Shares granted to the Directors by a resolution passed at the Company's special general meeting held on 15 December 2003. As at the date of this announcement, the existing general mandate has not been utilized.

EFFECTS ON SHAREHOLDING STRUCTURE

	Before Placing and Subscription <i>(approximately)</i>	After Placing but before Subscription <i>(approximately)</i>	After Placing and Subscription <i>(approximately)</i>
The Vendor	20.42%	0.64%	17.05%
Public			
– existing	79.58%	79.58%	66.43%
– Places	–	19.78%	16.52%
	<hr/>	<hr/>	<hr/>
	100.00%	100.00%	100.00%

As the date of this announcement, the existing authorised share capital of the Company comprises 30,000,000,000 Shares out of which 272,974,362 Shares are issued and fully paid up.

USE OF PROCEEDS

The gross proceeds from the Placing will be HK\$14.58 million. The expenses of approximately HK\$0.38 million in relation to the Placing and the Subscription will be borne by the Company. The net proceeds raised per new Share upon the completion of the Placing and the Subscription will be approximately HK\$0.263 per Share. The net proceeds of about HK\$14.2 million from the Placing and the Subscription will be used for purchasing raw materials (including copper cathode, and PVC resin) for production of cables and wires.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Directors consider the timing of the fund raising by the Placing and the Subscription is appropriate as the recent stock market has shown the sign of recovery and the Placing will be attractive to the potential investors. The Directors consider that notwithstanding that the Placing and the Subscription will result in the dilution of the existing shareholding interest of the shareholders of the Company, the Placing and the Subscription represent an opportunity to raise capital for the Company to further enhance the existing business of the Group while broadening the shareholder base and the capital base of the Company.

GENERAL

The Group is principally engaged in manufacture and trading of cables and wires, copper rods and connectors and terminals. Pursuant to the announcement jointly made by the Company and FT Holdings International Limited ("FT Holdings"), being a company listed on the Stock Exchange, on 1 April 2004, the Company conditionally agreed to acquire 75.5% shareholding interest in FT Holdings and transfer the entire business relating to the manufacturing and trading of copper rod of the Group to FT Holdings.

The Directors consider the terms of the Placing Agreement and the Subscription Agreement to be fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Subscription Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares.

The following table summaries the capital raising activities of the Company for the 12 months immediately before the date of this announcement:

Date of announcement	Event	Placees	Discount/ premium to the market price	Net proceeds (approximately)	Intended use of net proceeds (approximately)	Actual use of net proceeds as at the date of this announcement (approximately)
8 September 2003	Placing of 37,900,000 existing Shares at HK\$0.50 per Share and Subscription of 37,900,000 new Shares at HK\$0.50 per new Share	not fewer than 6 independent investors	a discount of about 10.71% to the closing price of HK\$0.56 per Share as quoted on the Stock Exchange on 8 September 2003	HK\$18.6 million	for general working capital	HK\$18.6 million for purchasing of raw materials for production of its cables and wires which is in line with the intended use of proceeds for working capital purpose
20 November 2003	Placing of 45,490,000 existing Shares at HK\$0.55 per Share and Subscription of 45,490,000 new Shares at HK\$0.55 per new Share	not fewer than 6 independent investors	a discount of about 6.78% to the closing price of HK\$0.59 per Share as quoted on the Stock Exchange on 20 November 2003	HK\$24 million	for general working capital	HK\$24 million for purchasing of raw materials for production of its cables and wires which is in line with the intended use of proceeds for working capital purpose

As at the date of this announcement, the Company has four executive Directors and three independent non-executive Directors. The executive Directors are Mr. Chau Lai Him, Mr. Zhou Jin Hua, Mr. Lau Man Tak and Mr. Liu Jin Rong. The independent non-executive Directors are Mr. Chung Kam Kwong, Mr. Lo Kao Cheng and Mr. Lo Wai Ming.

TERMS AND DEFINITION

“Board”	the board of Directors
“Company”	Solartech International Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) including independent non-executive director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of 54,000,000 Shares which are owned by the Vendor pursuant to the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a deemed licensed corporation to carry on business in types 1, 4, 6 and 9 regulated activities (dealing in securities, advising on securities and corporate finance, and asset management) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	an unconditional placing agreement entered into between the Vendor and the Placing Agent dated 17 June 2004 in relation to the Placing
“Placing Price”	HK\$0.27 per Share
“Placing Shares”	a total of 54,000,000 Shares which are beneficially owned by the Vendor, to be placed pursuant to the Placing Agreement
“Shares”	ordinary shares of HK\$0.01 in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	a conditional subscription agreement entered into between the Company and the Vendor dated 17 June 2004 in relation to the Subscription
“Subscription Price”	HK\$0.27 per Share
“Subscription Shares”	a total of 54,000,000 new Shares which are to be subscribed by the Vendor pursuant to the Subscription Agreement
“the Vendor”	Chau’s Family 1996 Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by the Chau’s Family Trust, a discretionary trust of which Mr. Chau Lai Him, the Chairman and Managing Director of the Company, is a discretionary object, and it is also the largest Shareholder holding about 20.42% of the issued share capital of the Company as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 17 June 2004

“Please also refer to the published version of this announcement in The Standard”.