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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; SUBSCRIPTION OF NEW SHARES CONSTITUTING A CONNECTED TRANSACTION; ISSUE OF CONVERTIBLE NOTES AND RESUMPTION OF TRADING

A. The Placing and Subscription

On 20 April, 2006, the Subscribers entered into the Placing Agreement, pursuant to which the Subscribers have conditionally agreed to place, through the Placing Agent, the Placing Shares to the Placees at a price of HK\$1.00 per Placing Share.

The Placing is subject to termination on the occurrence of certain events, set out in detail below, at any time before completion of the Placing Agreement.

On 20 April, 2006, the Company entered into the Subscription Agreement with the Subscribers whereby the Subscribers agreed to subscribe for up to 93,000,000 Subscription Shares. The Subscription is conditional upon completion of the Placing, the Listing Committee of the Stock Exchange having granted listing of and permission to deal in the Subscription Shares (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares) and the passing of a resolution at the SGM by the Shareholders to approve the Subscription Agreement and the issue of the Subscription Shares pursuant to the Subscription Agreement. As the Chau's Family Trust is a substantial shareholder and Mr. Chau is a Director, and issue of Subscription Shares (which require specific approval of shareholders of the Company at the SGM) will not take place within 14 days of execution of the Placing Agreement, the Subscription constitutes a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules. Voting on the Subscription (from which the Subscribers and their Associates will abstain) at the SGM will be taken by poll.

B. Issue of Convertible Notes

On 24 April, 2006, the Company entered into the Convertible Notes Subscription Agreements with the Investors whereby the Investors agreed to subscribe for Convertible Notes in the aggregate principal amount of US\$10,000,000. Completion of the Convertible Notes Subscription Agreements is conditional upon certain conditions as set out in detail below.

A circular with details of the Subscription, a letter of advice from an independent financial adviser to be appointed, a letter recommendation from an independent board committee to be constituted, a notice of the SGM convened to consider and if thought fit approve the Subscription will be sent to shareholders of the Company as soon as practicable.

Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 20 April, 2006 pending the release of this announcement. The Company has applied to the Stock Exchange for a resumption of trading in its shares with effect from 9:30 a.m. on Wednesday, 26 April, 2006.

* For identification only

1A. THE PLACING AGREEMENT

The Placing Agreement contains terms summarised below amongst others:

- Parties:** (1) The Subscribers, consisting of Mr. Chau who holds approximately 8.97% of the Shares and Chau's Family Trust which holds approximately 20.90% of the Shares
(2) The Placing Agent
- Terms:** The Subscribers have agreed to place, through the Placing Agent, the Placing Shares to investors at the Placing Price per Placing Share.
- Placees:** The Placing Shares are to be placed by the Placing Agent, on a best efforts basis, to not less than six placees (which may be independent individuals, corporate and/or institutional investors). Each of the Subscribers and the Placing Agent will use its reasonable endeavours to ensure that the Placees will be third parties independent of the Company and connected persons of the Company.
- Placing Price:** The Placing Price is HK\$1.00 per Placing Share, this price represents (i) a discount of approximately 6.54% to the closing price of HK\$1.07 per Share quoted on the Stock Exchange on 19 April, 2006, the trading day before the date of suspension of dealings in shares of the Company; (ii) a discount of approximately 1.96% to the average closing price per Share of approximately HK\$1.02 per Share as quoted on the Stock Exchange for the last five trading days of the Shares ended on 19 April, 2006; (iii) a premium of approximately 6.38% to the average closing price per Share of approximately HK\$0.94 per Share as quoted on the Stock Exchange for the last ten trading days of the Shares ended on 19 April, 2006. The Placing Agent is to receive a commission equal to 2.5% of the aggregate price of the Shares placed.
The Placing Price was agreed by the Subscribers and the Placing Agent after arm's length negotiations.
- Number of Placing Shares:** Up to 93,000,000 existing Shares (comprising up to 81,992,000 Shares held by Chau's Family Trust and up to 11,008,000 Shares held by Mr. Chau) are to be placed, representing approximately 23.70% of the total of 392,364,362 Shares in issue as at the date of this announcement and approximately 19.16% of the issued capital of the Company as enlarged by the Subscription Shares.
- Conditions:** Completion of the Placing is conditional upon:
(a) the Subscription Agreement having been entered into by the parties to that agreement and not subsequently having been revoked, terminated or modified;
(b) dealings in the Shares on the Stock Exchange resuming (following suspension on 20 April, 2006) no later than 30 April, 2006 and, subsequent thereto, listing of or dealings in any of the Shares on the Stock Exchange not having been suspended at any time prior to completion of the Placing Agreement; and
(c) there not having come to the attention of the Placing Agent at any time prior to completion of the Placing Agreement (i) any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations, warranties or undertakings referred to in the Placing Agreement or (ii) any breach of, or failure to perform, any of the other obligations of the Company or the Subscribers which are required to be performed at or before completion of the Placing Agreement.
- Completion:** The Placing is to be completed on 28 April, 2006.

B. THE SUBSCRIPTION

The Subscription Agreement contains the terms set out below, amongst others:

- Parties:** (1) The Subscribers (being Mr. Chau and Chau's Family Trust)
(2) The Company
- Terms:** Each Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to issue such number of Subscription Shares as is equivalent to the number of Placing Shares placed by it pursuant to the Placing Agreement.
- Subscription Price:** The Subscription Price is HK\$1.00 per Subscription Share, equivalent to the Placing Price and is payable in cash on completion of Subscription Assuming issue of all the Subscription Shares, the placing price (net of expenses) per Subscription Share is HK\$0.967.
- Rights:** The Subscription Shares will on issue rank equally with the Shares.
- Number of Subscription Shares:** The Subscription Shares represent approximately 23.70% of the total of 392,364,362 Shares in issue as at the date of this announcement and approximately 19.16% of the issued capital of the Company as enlarged by the Subscription Shares. The Subscription Shares are proposed to be issued pursuant to specific approval by the Shareholders of the Company at the SGM at which Chau's Family Trust, Mr. Chau and their Associates will abstain from voting.
- Conditions Precedent:** The Subscription is conditional upon:-
(i) completion of the Placing;
(ii) the approval by the Shareholders (other than the Subscribers and their respective Associates) in a general meeting as required under the Listing Rules; and
(iii) listing of and permission to deal in the Subscription Shares being granted by the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares).
- The Subscription Agreement will lapse if the conditions set out above are not satisfied by 30 June, 2006 unless the parties agree otherwise in writing.
- Completion:** The Subscription is to be completed on the next business day after satisfaction of the conditions mentioned above.
Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

2. THE CONVERTIBLE NOTES SUBSCRIPTION AGREEMENTS

- Parties:** (1) Centar Investments, Shepherd Investments, Stark Asia, Stark International, Penta Investment, Evolution Master Fund Ltd SPC, Segregated Portfolio M, D.B. Zwirn Special Opportunities Fund, L.P. and D.B. Zwirn Special Opportunities Fund, Ltd. as investors
(2) The Company
- Terms:** The Company agreed to issue and the Investors agreed to subscribe for the Convertible Notes in the following principal amounts:-

Name of Investor	Principal Amount (US\$)
Stark Investments	
Centar Investments	3.1 million
Shepherd Investments	0.6 million
Stark Asia	0.2 million
Stark International	0.1 million
Penta Investment	3.0 million
Evolution Master Fund Ltd SPC, Segregated Portfolio M	2.0 million
D.B. Zwirn & Co., L.P.	
D.B. Zwirn Special Opportunities Fund, L.P.	0.35 million
D.B. Zwirn Special Opportunities Fund, Ltd.	0.65 million
Total:	10.0 million

According to the information provided by the Investors, each of the Investors is an investment fund which is widely held by US domestic and/or international professional investors. Stark International and Shepherd Investments invest in securities worldwide while Stark Asia, and Centar Investments focus on investments in Asia. The funds' Asian investments are managed by the same investment manager, namely Stark Investments, which is licensed by the Securities and Futures Commission in Hong Kong and the funds' other investments are managed by other Stark affiliated investment advisers. The total assets of various funds under Stark management is approximately US\$8 billion. At the investor level, the funds are widely held by professional investors.

Penta Investment Advisers Limited, a company incorporated in the British Virgin Islands with limited liability which is principally engaged in asset management.

Evolution Master Fund Ltd. SPC, Segregated Portfolio M is a private equity fund managed by Evolution Capital Management, LLC based in USA. The Manager has approximately US\$1 billion under its management.

D.B. Zwirn & Co., L.P., a global alternative investment manager and merchant capital provider, manages a series of global multi-strategy opportunities funds including D.B. Zwirn Special Opportunities Fund, Ltd. and D.B. Zwirn Special Opportunities Fund, L.P.. D.B. Zwirn & Co., L.P. currently manages over US\$4 billion and along with its affiliates has offices in New York City, Houston, Stamford, London, Frankfurt, Tel Aviv, Hong Kong, Beijing, Melbourne, Singapore, Seoul and Taipei. The two investment funds are related to each other only to the extent that they have been established and are managed by D.B. Zwirn & Co. L.P.. At the investor level, the funds are widely held by professional investors.

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, the Investors and their ultimate beneficial owner are third parties independent of the Company and Connected Persons of the Company.

Conditions:

Completion of the issue of the Convertible Notes is conditional upon the Listing Committee of the Stock Exchange having granted approval for the issue of the Convertible Notes, the listing of and permission to deal in the Conversion Shares.

If the Condition is not satisfied by 24 May, 2006, the Convertible Notes Subscription Agreements will lapse.

Terms of the Convertible Notes

The terms of the Convertible Notes to be issued to the Investors will be the same, save for the principal amount. Set out below is a summary of the main terms of the Convertible Notes:-

<i>Maturity</i>	The Convertible Notes will mature on the Maturity Date.
<i>Interest</i>	Zero
<i>Mandatory redemption</i>	In the event that the average closing price for any 30 consecutive dealing days represents 150% or more of the Conversion Price, the outstanding principal amount under the Notes shall be mandatorily converted into the Conversion Shares at the Conversion Price. The Company shall give notice to the Investors of such mandatory conversion event.
<i>Redemption on maturity</i>	The outstanding principal amount of the Convertible Notes which have not been converted is redeemable at its face value.
<i>Conversion</i>	The Convertible Notes are convertible in whole or any part (in Authorized Denominations) of the principal amount outstanding at any time during the Conversion Period.
<i>Initial Conversion Price</i>	The initial Conversion Price of the Convertible Notes is HK\$1.10 per Share subject to adjustments in certain events, including, among other things, share consolidations, share subdivisions, capitalisation issues, capital distributions and rights issues.

The following table compares the initial Conversion Price of each Convertible Notes against the latest closing price and average closing price per Share:–

**Percentage premium
the initial Conversion
Price of Convertible
Notes represents over
the relevant closing price/
average closing price**

Closing price of HK\$1.07 per Share on 19 April, 2006 (the last full trading day of the Shares prior to suspension).	2.80%
5-day average closing price of HK\$1.02 per Share prior to suspension on 20 April, 2006	7.84%
10-day average closing price of HK\$0.94 per Share prior to suspension on 20 April, 2006	17.02%

The Conversion Price was agreed after arm's length negotiations between the Investors and the Company.

*Shares to be issued
upon conversion*

The Shares to be issued upon conversion of the Convertible Notes when issued will rank equally in all respects amongst themselves and with the Shares in issue on the relevant date of conversion.

Assuming the Convertible Notes are issued and converted in full at the initial Conversion Price of HK\$1.10 per Share, 70,909,090 Shares will fall to be issued which represent 18.07% of the total number of Shares in issue as at the date of this announcement; 15.31% of the existing issued share capital of the Company as enlarged by the issue of such Shares and 12.75% of the existing issued share capital of the Company as enlarged by the issue of such Shares and the Subscription Shares.

Voting rights

The Shares to be issued upon conversion of the Convertible Notes will be issued under the general mandate granted to the Directors at the annual general meeting held on 10 November, 2005, which allows the Directors to deal with up to 78,472,872 Shares. The general mandate has not been utilized prior to the signing of the Convertible Notes Subscription Agreements.

Transferability

The holders of the Convertible Notes will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the holder of the Convertible Notes.

Any assignment or transfer of the Convertible Notes shall be of the whole or part of the outstanding principal amount of the Note.

The Convertible Notes may not be assigned or transferred to a connected person of the Company without the prior written consent of the Company subject to (1) the Listing Rules for so long as the Shares are listed on the Stock Exchange (and the rules of any other stock exchange on which the Shares may be listed at the relevant time) and all applicable laws and regulations; (2) the approval of the Shareholders in a general meeting if so required and in compliance with under the Listing Rules if such assignment and/or transfer is proposed to be made to a connected person of the Company.

Application for listings

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued upon conversion of the Convertible Notes. No listing of the Convertible Notes will be sought on the Stock Exchange or any other stock exchanges.

3. CHANGES IN SHAREHOLDINGS IN THE COMPANY AS A RESULT OF THE PLACING, THE SUBSCRIPTION AND THE ISSUE OF THE CONVERTIBLE NOTES

The changes in the shareholding in the Company as a result of the Placing, the Subscription and the issue and full conversion of the Convertible Notes are illustrated in the table below (assuming that there are no other changes in the issued share capital of the Company):–

Name of shareholders	Shareholding as at the date hereof (approx. %)		Shareholding after the Placing but before the Subscription (assuming full placing of 93,000,000 Placing Shares) (approx. %)		Shareholding after the Placing and the Subscription (assuming full placing of 93,000,000 Placing Shares) (approx. %)		Shareholding after the Placing, the Subscription and issue and full conversion of Convertible Notes (assuming full placing of 93,000,000 Placing Shares) (approx. %)	
	No	%	No	%	No	%	No	%
	Mr. Chau	35,210,000	8.97	24,202,000	6.17	35,210,000	7.26	35,210,000
Chau's Family Trust	81,992,000	20.90	–	–	81,992,000	16.89	81,992,000	14.74
Sub Total:	117,202,000	29.87	24,202,000	6.17	117,202,000	24.15	117,202,000	21.07
Yin Jin Hua, an independent third party	75,300,000	19.19	75,300,000	19.19	75,300,000	15.51	75,300,000	13.54
Other Public Shareholders	199,862,362	50.94	199,862,362	50.94	199,862,362	41.18	199,862,362	35.92
Placees	–	–	93,000,000	23.70	93,000,000	19.16	93,000,000	16.72
Convertible Notes holders (based on initial Conversion Price of HK\$1.10)	–	–	–	–	–	–	70,909,090	12.75
Total:	392,364,362	100	392,364,362	100	485,364,362	100	556,273,452	100

4. REASONS FOR THE PLACING, THE SUBSCRIPTION AND ISSUE OF CONVERTIBLE NOTES

The Directors consider the timing of the fund raising by the Placing, the Subscription and issue of Convertible Notes is appropriate as the recent stock market has a strong performance and the Placing will be attractive to potential investors. Having considered alternative sources of funding (such as bank financing), the Directors consider that notwithstanding the Placing, the Subscription and the issue of Convertible Notes (on conversion) will dilute the existing shareholding interest of the Shareholders, the Placing and Subscription and the issue of Convertible Notes represent an opportunity to raise capital for the Company at a considerably lower cost to enhance the general working capital base and the existing business of the Group while at the same to help broaden its shareholder base to include institutional investors.

5. USE OF PROCEEDS

The Subscription and the issue of the Convertible Notes will raise gross proceeds of approximately HK\$93 million and approximately HK\$78 million. The proceeds (net of expenses of approximately HK\$4 million) of both exercises of HK\$167 million (comprising approximately HK\$90 million for the Subscription and HK\$77 million for the Convertible Notes) will be used as to approximately HK\$78 million for the proposed acquisition of a subsidiary of Whirlpool in Brazil as referred to in the Company's announcement dated 18 April, 2006 and the balance for general working capital or funding for future acquisition opportunities when they arise.

6. FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Set out below is the summary of fund raising activities of the Company in the past 12 months:–

Date of Agreement	Transaction	Net proceeds raised /to be raised	Completed	Intended use of proceeds	Actual use of proceeds
24 May, 2005	Placing of existing shares and subscription of new shares under the general mandate	HK\$17.8 million	6 June, 2005	For purchasing raw materials for production of cables and wires.	All utilised for purchasing raw materials for production of cables and wires.

Save as mentioned above, the Company has not engaged in any other fund raising activities in the past twelve months from the date of this announcement.

7. GENERAL

The Company together with its subsidiaries are principally engaged in the manufacturing and trading of (i) power cord and cables; (ii) connectors and terminals; and (iii) copper rods and copper wires.

As the Chau's Family Trust is a substantial shareholder and Mr. Chau is a Director, and issue of Subscription Shares (which require specific approval of shareholders of the Company at the SGM) will not take place within 14 days of execution of the Placing Agreement, the Subscription constitutes a non-exempt connected transaction of the Company. Voting on the Subscription (from which the Subscribers and their Associates will abstain) at the SGM will be taken by poll.

All Directors consider that the terms of the Subscription Agreement, Placing Agreement, and the Convertible Notes Subscription Agreements are fair and reasonable and the entering into of the Subscription Agreement, the Placing Agreement and the Convertible Notes Subscription Agreements are the interests of the Company and the shareholders of the Company as a whole.

A circular with details of the Subscription, a letter of advice from an independent financial adviser to be appointed, a letter recommendation from an independent board committee to be constituted, a notice of the SGM to consider and if thought fit approve the Subscription, will be sent to shareholders of the Company as soon as practicable.

Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 20 April, 2006 pending the release of this announcement. The Company has applied to the Stock Exchange for a resumption of trading in its Shares with effect from 9:30 a.m. on Wednesday, 26 April, 2006.

DEFINITIONS

The following defined terms are used in this announcement with the meaning set opposite then:–

“Associates”	has the meaning ascribed thereto in the Listing Rules
“Authorised denominations”	US\$100,000 or integral multiples thereof
“Centar Investments”	Centar Investments (Asia) Limited, a fund managed by Stark Investments
“Chau’s Family Trust”	a discretionary trust founded by Mr. Chau and which is wholly-owned by Chau’s Family 1996 Limited
“Company”	Solartech International Holdings Limited, a company incorporated in Bermuda
“Connected Person(s)”	the meaning ascribed thereto in the Listing Rules
“Conversion Period”	the period commencing on and excluding the 14th day after the date of issue of the Convertible Notes up to and including the date which is 14 days prior to the Maturity Date
“Conversion Price”	initially HK\$1.10 per Share subject to adjustment
“Convertible Notes”	convertible notes in the aggregate principal amount of US\$10,000,000 to be issued to the Investors under the Convertible Notes Subscription Agreements
“Convertible Notes Subscription Agreements”	the subscription agreements dated 24 April, 2006 between the Company and each of the Investors in relation to the subscription of the Convertible Notes
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Investors”	Centar Investments, Shepherd Investments, Stark Asia, Stark International, Penta Investment, Evolution Master Fund Ltd SPC, Segregated Portfolio M, D.B. Zwirn Special Opportunities Fund, L.P. and D.B. Zwirn Special Opportunities Fund, Ltd.
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the second anniversary of the issue of the Convertible Notes, or, if that is not a Business Day, the first Business Day thereafter
“Mr. Chau”	Mr. Chau Lai Him, chairman and managing director of the Company
“Penta Investment”	Penta Investment Advisers Limited, a company incorporated in the British Virgin Islands with limited liability which is principally engaged in asset management
“Placees”	professional, institutional and other investors selected and procured by or on behalf of the Placing Agent as contemplated in the Placing Agreement
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Bear Stearns Asia Limited of 26/F., Citibank Tower, 3 Garden Road, Hong Kong
“Placing Agreement”	the placing agreement dated 20 April, 2006 between the Subscribers, the Company and the Placing Agent to place the Placing Shares
“Placing Price” and “Subscription Price”	HK\$1.00 per Placing Share
“Placing Shares”	any amount of issued Shares up to 93,000,000 Shares, to be solely determined by the Placing Agent in its absolute discretion, to be sold, or procured to be sold, by the Subscribers
“SGM”	the special general meeting of the Company to be convened to approve the Subscription

“Share(s)”	ordinary shares of HK\$0.01 each in the issued share capital of the Company
“Shareholders”	holders of the Shares of the Company
“Shepherd Investments”	Shepherd Investments International Limited, a fund managed by Stark Investments
“Stark Asia”	Stark Asia Master Fund Limited, a fund managed by Stark Investments
“Stark Investments”	Stark Investments (Hong Kong) Limited, manager of the Asian investments of Centar Investments, Shepherd Investments, Stark Asia and Stark International. It is also licensed by The Securities and Futures Commission in Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Chau’s Family Trust and Mr. Chau
“Subscription”	the subscription of the Subscription Shares under the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 20 April, 2006 between the Subscribers and the Company in relation to the subscription of the Subscription Shares
“Subscription Shares”	up to 93,000,000 new Shares to be subscribed for by the Subscribers under the Subscription Agreement

By order of the board of directors of
Solartech International Holdings Limited
Chau Lai Him
Chairman and Managing Director

Hong Kong, 25 April, 2006

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

“Please also refer to the published version of this announcement in The Standard, South China Morning Post and China Daily.”