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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)**



**HUA YI COPPER  
HOLDINGS LIMITED**

**華藝銅業控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 559)**

**JOINT ANNOUNCEMENT  
DISCLOSEABLE TRANSACTION  
RESUMPTION OF TRADING**

**DISPOSAL**

On 19 May 2007, the Vendor, the Purchaser and Kong Sun entered into a conditional Sale and Purchase Agreement whereby the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares at the Share Consideration. In addition, pursuant to the Sale and Purchase Agreement, the Vendor will at the Completion Date assign all its benefits and rights in respect of the Sale Loan to the Purchaser at the Assignment Consideration. The Aggregate Consideration will be settled partly by way of Kong Sun executing upon the Completion Date the Promissory Note in an amount of HK\$20 million to the Vendor and partly by way of Kong Sun issuing upon the Completion Date the Convertible Bonds for an aggregate principal amount of HK\$40 million to the Vendor or its nominee as the Vendor may direct.

The Disposal constitutes a discloseable transaction for each of Hua Yi and Solartech under Chapter 14 of the Listing Rules. A circular containing, amongst other things, further details of the Disposal will be despatched to shareholders of each of Hua Yi and Solartech as soon as practicable.

**RESUMPTION OF TRADING**

At the request of each of Solartech and Hua Yi, trading in the shares of each of Solartech and Hua Yi on the main board of the Stock Exchange was suspended with effect from 9:30 a.m. on 21 May 2007 pending release of this announcement. Application has been made by each of Solartech and Hua Yi to resume the trading of their shares with effect from 9:30 a.m. on 22 May 2007.

**THE SALE AND PURCHASE AGREEMENT**

Date	:	19 May 2007
Parties	:	(1) Vendor: Brightpower Assets Management Limited
		(2) Purchaser: Eternal Gain Investments Limited (To the best of the Hua Yi Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and Kong Sun are third parties independent of Hua Yi and Solartech and connected persons of each of them.)
		(3) Kong Sun Holdings Limited
Summary	:	The Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares at the Share Consideration. In addition, upon the Completion Date, the Vendor will assign to the Purchaser all its benefits and rights in respect of the Sale Loan to the Purchaser at the Assignment Consideration.

\* For identification purposes only

Conditions	<p>: Completion of the Disposal is conditional on the following conditions being satisfied on or before the Long Stop Date:</p> <ol style="list-style-type: none"> <li>(1) the approval by shareholders of Kong Sun of the Sale and Purchase Agreement and the transactions contemplated thereunder, including without limitation, the issue of the Convertible Bonds and the execution of the Promissory Note, in accordance with the Listing Rules; and</li> <li>(2) the Stock Exchange granting or agreeing to grant listing of and permission to deal in the Conversion Shares (subject only to allotment and matters ancillary thereto).</li> </ol> <p>None of the above conditions may be waived by any of the Parties.</p>
Consideration	<p>: The Aggregate Consideration was determined after arm's length negotiation between the Parties by reference to the aggregate unaudited net assets position of the Sale Companies as at 31 December 2006, the amount of the Sale Loan as well as the current and future prospects of the Sale Companies to the Hua Yi Group as a whole as set out in the section headed "Reasons for and Benefits of the Disposal".</p> <p>The Aggregate Consideration will be settled partly by way of Kong Sun executing upon the Completion Date the Promissory Note in an amount of HK\$20 million to the Vendor and partly by way of Kong Sun issuing upon the Completion Date the Convertible Bonds for an aggregate principal amount of HK\$40 million to the Vendor or its nominee as the Vendor may direct.</p>
Profit Guarantee	<p>: The Vendor has agreed to warrant and guarantee to the Purchaser that the audited consolidated net profits after tax and any extraordinary or exceptional items of the Sale Companies will, in aggregate, be not less than HK\$7,000,000 for the financial year ending 30 June 2007 ("<b>Guaranteed Profit</b>").</p> <p>If the actual aggregate audited consolidated net profits after tax and any extraordinary or exceptional items of the Sale Companies for the financial year ending 30 June 2007 (the "<b>Actual Profit</b>") is less than the Guaranteed Profit, the Vendor shall be entitled to set off the difference against the payment obligations of Kong Sun under the Promissory Note by Kong Sun on a dollar to dollar basis.</p> <p>If the Sale Companies record an aggregate consolidated loss for the year ending 30 June 2007, the Actual Profit shall be deemed to be nil. If the Actual Profit exceeds the Guaranteed Profit, no amount will be payable to the Vendor.</p>
Net Asset Value Guarantee	<p>: The Vendor has agreed to warrant and guarantee to the Purchaser that the audited consolidated Net Asset Value of the Sale Companies as at 30 June 2007 as shown in the 2007 Audited Accounts will not, in aggregate, be less than HK\$70,000,000 ("<b>Guaranteed NAV</b>").</p> <p>If the actual audited consolidated Net Asset Value of the Sale Companies as at 30 June 2007 (the "<b>Actual NAV</b>") is less than the Guaranteed NAV, the Vendor shall be entitled to set off the difference against the payment obligations of Kong Sun under the Promissory Note by Kong Sun on a dollar to dollar basis.</p> <p>If the Sale Companies record, in aggregate, a consolidated net liabilities position in the 2007 Audited Accounts, the Actual NAV for such financial year shall for the purpose of this net asset value guarantee be deemed to be nil. If the Actual NAV exceeds the Guaranteed NAV, no amount will be payable to the Vendor.</p>
Completion	<p>: Completion of the Disposal is expected to take place on the third Business Day after all the conditions set out in the section headed "Conditions" have been fulfilled or at such other date as the Parties may agree.</p>

### **THE PROMISSORY NOTE**

For the purpose of settling HK\$20 million out of the Aggregate Consideration, the Parties agreed that Kong Sun shall upon the Completion Date execute and deliver a Promissory Note in favour of the Vendor.

The following is a summary of the key terms of the Promissory Note:

- (1) Principal amount : HK\$20 million
- (2) Interest rate : 4% per annum commencing from 1 month after the Completion Date
- (3) Default interest rate : 8% per annum
- (4) Repayment : The Promissory Note is repayable in one lump sum on or before six months from the Completion Date or 1 month after the resumption of trading of the Kong Sun Shares on the Stock Exchange, whichever is earlier, or such other date as mutually agreed in writing by Kong Sun and the Vendor (“**Note Maturity Date**”).
- (5) Redemption Period : Kong Sun has the option to redeem the Promissory Note in whole or in part at any time after three months from the date of the issue of the Promissory Note up to the date immediately prior to the Note Maturity Date.

### **THE CONVERTIBLE BONDS**

For the purpose of settling HK\$40 million out of the Aggregate Consideration, the Parties agreed that Kong Sun shall upon the Completion Date execute and deliver a Bonds Instrument in favour of the Vendor or its nominee.

The Convertible Bonds are convertible into Kong Sun Shares in accordance with the terms of the Bonds Instrument. The initial conversion price is HK\$0.10 per Conversion Share, subject to adjustments. In the event that the Vendor exercises the conversion rights attached to the Convertible Bonds, initially up to 400,000,000 new Kong Sun Shares would be allotted and issued to the Vendor, and such amount of new Kong Sun Shares represents 15.62% of the existing issued shares of Kong Sun and 13.51% of the enlarged issued shares of Kong Sun (assuming that no subdivision or consolidation of shares of the Purchaser or other event(s) which may result in an adjustment of the initial conversion price takes place during the period between the date of Completion and the date when the Vendor exercises the conversion rights attaching to the Convertible Bonds).

Where the conversion rights are exercised, Hua Yi will comply with all the applicable rules of the Listing Rules.

The following is a summary of the key terms of the Convertible Bonds:

- (1) Principal amount : HK\$40 million
- (2) Interest rate : 4% per annum
- (3) Conversion Period : Commencing from the date of issue of the Convertible Bonds and expiring on the third anniversary thereof.
- (4) Redemption Period : Any time during the period between 20 months after the issue of the Convertible Bonds and before the Bond Maturity Date.
- (5) Bond Maturity Date : The date being the expiry of 3 years from the date of issue of the Convertible Bonds.
- (6) Initial conversion price : HK\$0.10 per Conversion Share, subject to adjustments.

Kong Sun shall apply for the approval of the Stock Exchange for the listing of and permission to deal in the Conversion Shares and such approval constitutes one of the conditions for completion of the Disposal.

### **INFORMATION ON HUA YI**

Hua Yi is an investment holding company and the Hua Yi Group is principally engaged in the manufacture and trading of copper rods, life-like plants and the production, distribution and licensing of television programmes.

### **INFORMATION ON SOLARTECH**

Solartech is an investment holding company and the Solartech Group is principally engaged in the manufacture and trading of cables and wires, copper rods, connectors and terminals.

## INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in BVI and a wholly-owned subsidiary of Kong Sun. Kong Sun is an investment holding company and the Kong Sun Group is principally engaged in property investment and development. Dealing in the Kong Sun Shares has been suspended since 17 June 2004. According to the Stock Exchange's announcement dated 16 May 2007 in respect of Kong Sun, Kong Sun has been placed in the third stage of the Delisting Procedures unless it submits a viable resumption proposal at least 10 business days (as defined in the Listing Rules) before 15 November 2007.

## INFORMATION ON THE SALE COMPANIES

As at the date of the Sale and Purchase Agreement, Hua Yi, through the Vendor, indirectly owns the entire issued share capital of each of FTFE and FTC. FTFE is principally engaged in trading of life-like decorative plants while FTC is principally engaged in manufacture of life-like decorative plants through DUAPP.

In 1993, FTC entered into a joint venture contract with a party in the PRC to establish DUAPP. As at the date of the Sale and Purchase Agreement, FTC and the PRC party own a 90% and 10% equity interest of DUAPP respectively. Pursuant to the Joint Venture Agreement and a supplemental agreement to it, the PRC party agreed to waive its entitlement to share in the profits and losses of DUAPP in return for an annual management fee and all of the assets of DUAPP would be assigned to FTC upon the expiry of the Joint Venture Agreement. Accordingly, all assets, liabilities and the operating results of DUAPP are consolidated into Hua Yi's financial statements as if it is a wholly-owned subsidiary of the Hua Yi Group.

DUAPP is principally engaged in manufacture of life-like decorative plants.

As at the date of the Sale and Purchase Agreement, (a) the Vendor owns the entire issued share capital of FTFE and FTC respectively, (b) FTC owns 90% equity interest of DUAPP but having a full effective control of DUAPP through contractual arrangement with the PRC party and (c) FTC owns 100% of WPP.

As at 31 December 2006, FTFE had an unaudited net liabilities of approximately HK\$35,278,000 based on the unaudited management accounts of FTFE for the 6 months ended 31 December 2006, and FTC (including DUAPP and WPP) had an unaudited consolidated net assets value of approximately HK\$47,326,000 based on the unaudited management accounts of FTC for the 6 months ended 31 December 2006. The following table shows certain financial information of each of FTFE and FTC for the 18 months ended 30 June 2005 and the year ended 30 June 2006:

	<b>FTFE</b>	
	<b>18 months ended 30 June 2005</b>	<b>Year ended 30 June 2006</b>
	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit/(loss) before taxation and extraordinary items	(5,694)	1,044
Net profit/(loss) after taxation and extraordinary items	(5,694)	(357)
	<b>FTC (including DUAPP and WPP)</b>	
	<b>18 months ended 30 June 2005</b>	<b>Year ended 30 June 2006</b>
	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit/(loss) before taxation and extraordinary items	(8,130)	(688)
Net profit/(loss) after taxation and extraordinary items	(7,753)	(1,677)

Following the Disposal, the Hua Yi Group expects to recognise an unaudited loss of approximately HK\$3,534,000 in the accounts of the Hua Yi Group. Such loss is the difference between the Aggregate Consideration and the unaudited net assets value of the Sale Companies as at 31 December 2006 of approximately HK\$63,534,000 (which was the aggregate unaudited net assets value excluding the Sale Loan and including the provision for the investment costs on the Sale Companies) based on the unaudited management accounts of each of FTFE and FTC for the 6 months ended 31 December 2006. The final amount of the actual gain or loss as a result of the Disposal will be determined as at the Completion Date when the amount of such gain or loss is actually realised based on the net assets value of the Sale Companies as at that date.

## USE OF PROCEEDS FROM DISPOSAL

The Hua Yi Group expects to receive proceeds from the Disposal of HK\$20 million in the form of the Promissory Note, and HK\$40 million Convertible Bonds which are expected to be either converted into Conversion Shares at any time during the Conversion Period or redeemed at any time during the Redemption

Period. Depending on the circumstances, the Hua Yi Group has not decided when and how to realise the proceeds from the above instruments. In due course, the Hua Yi Group intends to use the full amount of the proceeds from the Disposal to strengthen its working capital.

#### **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The life-like decorative plants and related business, as engaged by the Sale Companies, is a non-core business operation of the Hua Yi Group operating in a totally different business model when compared with the core copper business of the Hua Yi Group. It occupies financial and management resources of the Hua Yi Group in a higher proportional weight than it should have occupied the Hua Yi Group. At the same time, this operation had not generated sufficient cash flow to the Hua Yi Group. Accordingly, the Hua Yi Group decided to dispose of this non-core business operation and concentrate its resources and management effort in its core copper business.

As set out in the section headed “Consideration”, the Hua Yi Group expects to receive aggregate proceeds of HK\$60 million in due course following the Disposal. The Hua Yi Directors considered that the Disposal will generate a much higher cash flow in coming three to four years than keeping the Sale Companies within the Hua Yi Group.

In conclusion, the Hua Yi Group will not only benefit from a stronger working capital position after realising the Proceeds from Disposal, but also could direct all its corporate resources previously occupied by the Sale Companies towards the development of the core copper business. This will enhance the capability of the Hua Yi Group in horizontal expansion and vertical integration in the core copper business.

Based on the above, the Hua Yi Directors has come to the commercial decision that the Hua Yi Group’s discontinuation of the life-like decorative plants and related business is in the best interests of Hua Yi and Hua Yi Shareholders as a whole.

The terms and conditions of the Sale and Purchase Agreement, as well as the Share Consideration and the Assignment Consideration, were determined between the Parties at arms’ length, and the Hua Yi Directors and the Solartech Directors consider that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and in the best interests of Hua Yi, the Hua Yi Shareholders, Solartech and the Solartech Shareholders as a whole.

#### **DISCLOSEABLE TRANSACTION**

The Disposal constitutes a discloseable transaction for each of Hua Yi and Solartech under Chapter 14 of the Listing Rules. A circular containing, amongst other things, further details of the Disposal will be despatched to the shareholders of each of Hua Yi and Solartech as soon as practicable.

Upon completion of the sale of the Sale Shares, Hua Yi will cease to hold any interests in FTFE, FTC, DUAPP and WPP which will cease to be subsidiaries of Hua Yi, and their results will therefore cease to be consolidated in the accounts of Hua Yi with effect from the Completion Date.

#### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of each of Solartech and Hua Yi, trading in the shares of each of Solartech and Hua Yi on the main board of the Stock Exchange was suspended with effect from 9:30 a.m. on 21 May 2007 pending release of this announcement. Application has been made by each of Solartech and Hua Yi to resume the trading of their shares with effect from 9:30 a.m. on 22 May 2007.

**Shareholders of Hua Yi and Solartech and potential investors should note that the Disposal are subject to a number of conditions. The release of this announcement does not in any way indicate that the Disposal will be successfully completed. Shareholders of Hua Yi and Solartech and potential investors should therefore exercise caution when dealing in the securities of Hua Yi or Solartech.**

#### **DEFINITIONS**

“2007 Audited Accounts”	the audited consolidated balance sheet of FTFE and FTC as at 30 June 2007 and the audited consolidated profit and loss accounts of FTFE and FTC for the period commencing from 1 July 2006 to 30 June 2007
“Aggregate Consideration”	aggregate of the Assignment Consideration and the Share Consideration
“Assignment”	the assignment by the Vendor to the Purchaser at the Completion Date of the Sale Loan
“Assignment Consideration”	HK\$59,999,999, being the consideration payable by the Purchaser to the Vendor for the Assignment
“Bonds Instrument”	the instrument to be executed by the Purchaser by way of a deed poll constituting the Convertible Bonds



“Bond Maturity Date”	the date being the expiry of 3 years from the date of issue of the Convertible Bonds
“Business Day”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“Completion Date”	date of completion of the Sale and Purchase Agreement, being the date falling the third Business Day after all the conditions for the Disposal have been fulfilled or at such other time as the Parties may agree
“Conversion Period”	the period commencing from the date of issue of the Convertible Bonds and expiring on the third anniversary of such date
“Conversion Shares”	new Kong Sun Shares falling to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds
“Convertible Bonds”	the 4% unsecured convertible bonds due three years from the date of issue for an aggregate principal amount of HK\$40 million constituted by the Bonds Instrument
“Delisting Procedures”	Practice Note 17 to the Listing Rules
“Disposal”	the sale and purchase of the Sale Shares and the Assignment pursuant to the Sale and Purchase Agreement
“DUAPP”	Dongguan United Arts Plastic Products Limited, a Sino-foreign equity joint venture established in the PRC and whose equity interest are held by FTC and a PRC party as to 90% and 10%, respectively as at the date of the Sale and Purchase Agreement
“FTFE”	FT Far East Limited, a private limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Hua Yi
“FTFE Shares”	2 issued shares of HK\$1.00 each in the share capital of FTFE, constituting the entire issued share capital of FTFE, that are beneficially held by the Vendor as at the date of the Sale and Purchase Agreement
“FTC”	FT China Limited, a private limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Hua Yi
“FTC Shares”	2 issued shares of HK\$1.00 each in the share capital of FTC, constituting the entire issued share capital of FTC, that are beneficially held by the Vendor as at the date of the Sale and Purchase Agreement
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hua Yi”	Hua Yi Copper Holdings Limited (Stock Code: 559), a limited liability company incorporated in Bermuda whose shares are listed on the main board of the Stock Exchange, and a subsidiary of Solartech
“Hua Yi Directors”	the directors of Hua Yi
“Hua Yi Group”	Hua Yi and its subsidiaries (having the meaning ascribed to it in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong))
“Hua Yi Shareholders”	shareholders of Hua Yi
“Joint Venture Contract”	the joint venture contract dated 8 September 1993 entered into between FTC and a party in the PRC in relation to, among other things, the establishment and management of DUAPP
“Kong Sun”	Kong Sun Holdings Limited (Stock Code: 295), a company incorporated in Hong Kong whose shares are listed on the main board of the Stock Exchange (the dealing of which has been suspended since 17 June 2004)
“Kong Sun Group”	Kong Sun and its subsidiaries
“Kong Sun Shares”	shares of HK\$0.10 in the capital of Kong Sun
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited made by the Stock Exchange from time to time

“Long Stop Date”	30 September 2007 or such other date as the Parties may otherwise agree
“Net Asset Value”	at the relevant time, the surplus (if any) of the assets of the Sale Companies over their liabilities (excluding share capital and any liability in respect of loan stock or shareholder’s loans, in particular, the Sale Loan)
“Parties”	the parties to the Sale and Purchase Agreement, that is, the Vendor, the Purchaser and Kong Sun
“PRC”	The People’s Republic of China, which, for the purposes of this announcement, does not include Hong Kong, Macau and Taiwan
“Promissory Note”	the promissory note in the agreed form to be executed on the Completion Date by Kong Sun in favour of the Vendor for the purposes of settling HK\$20 million out of the Aggregate Consideration
“Purchaser”	Eternal Gain Investments Limited, a company incorporated in BVI and a wholly-owned subsidiary of Kong Sun
“Redemption Period”	any time during the period between 20 months after the issue of the Convertible Bonds and before the Bond Maturity Date
“Sale and Purchase Agreement”	the sale and purchase agreement dated 19 May 2007 entered into between the Vendor, the Purchaser and Kong Sun in relation to the sale and purchase of the Sale Shares and the Assignment
“Sale Companies”	FTFE, FTC and the Subsidiaries
“Sale Loan”	the indebtedness in the amount of HK\$80,786,000 owed to the Vendor by FTFE
“Sale Shares”	the FTFE Shares and the FTC Shares
“Share Consideration”	HK\$1, being the consideration payable by the Purchaser to the Vendor for the Sale Shares
“Solartech”	Solartech International Holdings Limited (Stock Code: 1166), a limited liability company incorporated in Bermuda whose shares are listed on the main board of the Stock Exchange
“Solartech Directors”	directors of Solartech
“Solartech Group”	Solartech and its subsidiaries (having the meaning ascribed to it in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong))
“Solartech Shareholders”	shareholders of Solartech
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiaries”	DUAPP and WPP
“Vendor”	Brightpower Assets Management Limited, a company incorporated in BVI and an indirect wholly-owned subsidiary of Hua Yi
“WPP”	Weihai Plastic Products Company Limited, a company established in the PRC and a wholly-owned subsidiary of FTC

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

By order of the Board  
**Hua Yi Copper Holdings Limited**  
**Chau Lai Him**  
*Chairman and Managing Director*

Hong Kong, 21 May 2007

*As at the date of this announcement, the board of directors of Solartech comprises of Mr. Chau Lai Him, Mr. Zhou Jin Hua, Mr. Liu Jin Rong and Mr. Chow Kin Ming being the executive directors and Mr. Lo Wai Ming, Mr. Chung Kam Kwong and Mr. Lo Chao Ming being the independent non-executive directors.*

*As at the date of this announcement, the board of directors of Hua Yi comprises of Mr. Chau Lai Him, Mr. Chu Yuk Kuen and Mr. Chow Kin Ming being the executive directors and Mr. Lee Kin Keung, Mr. Chung Kam Kwong and Mr. Lo Chao Ming being the independent non-executive directors.*

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