

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

榮盛科技國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1166)

(1) PROPOSED CAPITAL REORGANISATION AND (2) REFRESHMENT OF GENERAL MANDATES

Financial adviser to Solartech International Holdings Limited



KINGSTON CORPORATE FINANCE LIMITED

PROPOSED CAPITAL REORGANISATION

The Board proposes that the Company implements the Capital Reorganisation which will involve (a) a consolidation of every five (5) Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.05 each; (b) a reduction in the nominal value of the then issued Consolidated Shares from HK\$0.05 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.04 on each of the issued Consolidated Share; and (c) a subdivision of each authorised but unissued Consolidated Share into five (5) Adjusted Shares of HK\$0.01 each. The credit arising from the Capital Reduction 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 including but not limited to setting off against the accumulated losses of the Company.

REFRESHMENT OF GENERAL MANDATES

In order to provide a flexible mean for the Company to raise further funds and/or to procure potential merger and acquisition opportunities through the issue of new Shares (or Adjusted Shares if the Capital Reorganisation becomes effective) for its future business development, the Board proposes to refresh the general mandates for the Directors to (i) issue and allot new Shares (or Adjusted Shares if the Capital Reorganisation becomes effective) not exceeding 20% of the issued share capital of the Company as at the date of the SGM; and (ii) repurchase Shares (or Adjusted Shares if the Capital Reorganisation becomes effective) on the Stock Exchange not exceeding 10% of the issued share capital of the Company as at the date of the SGM. The Issue Mandate is proposed to the Shareholders prior to the Company's next annual general meeting, and therefore, pursuant to the Listing Rules, the Issue Mandate will be subject to the Independent Shareholders' approval by way of poll at the SGM.

* For identification purposes only

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, pass the resolutions to approve, among other things, the Capital Reorganisation and the New General Mandates. A circular containing, among other things, further details of (i) the Capital Reorganisation, (ii) the New General Mandates, (iii) letter of recommendation from the Independent Board Committee on the refreshment of the Issue Mandate; (iv) letter of recommendation from the independent financial adviser to the Independent Board Committee and Independent Shareholders on the refreshment of the Issue Mandate; and (v) a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

PROPOSED CAPITAL REORGANISATION

The Board proposes that the Company implements the Capital Reorganisation which will involve the Share Consolidation, the Capital Reduction and the Subdivision.

Share Consolidation

The Share Consolidation will involve the consolidation of every five (5) Shares into one (1) Consolidated Share. As at the date of this announcement, the authorised share capital of the Company is HK\$300,000,000 divided into 30,000,000,000 Shares. Immediately after the Share Consolidation, the authorised share capital of the Company will be HK\$300,000,000 divided into 6,000,000,000 Consolidated Shares. As at the date of this announcement, there are 3,018,271,810 Shares in issue and fully paid. On the basis of such issued share capital, there will be 603,654,362 Consolidated Shares in issue once the Share Consolidation becomes effective. The Consolidated Shares will rank pari passu in all respects with each other.

Capital Reduction and Subdivision

The Capital Reduction of approximately HK\$24.15 million will involve a reduction of the nominal value of the then issued Consolidated Shares from HK\$0.05 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.04 on each of the then issued Consolidated Shares. The Subdivision will involve the sub-division of each authorised but unissued Consolidated Share into five (5) Adjusted Shares. The credit arising from the Capital Reduction 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 including but not limited to setting off against the accumulated losses of the Company.

Conditions of the Capital Reorganisation

The Capital Reorganisation (which will be effected in accordance with the Bye-Laws and the Bermuda Companies Act) 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;
- (iii) the compliance with the requirements of section 46(2) of the Bermuda Companies Act, including (i) publication of a notice in relation to the Capital Reduction in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the date on which the Capital Reduction is to take effect; and (ii) that on the date on which the Capital Reduction is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction would be, unable to pay its liabilities as they become due; and
- (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of 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 of the relevant resolution approving the Capital Reorganisation. The legal advisers to the Company as to Bermuda law have confirmed that, subject to the conditions of the Capital Reorganisation as set out above being satisfied, the Capital Reorganisation will be in compliance with the laws of Bermuda.

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\$300,000,000, represented by 30,000,000,000 Shares and the existing issued share capital of HK\$30,182,718.10, represented by 3,018,271,810 Shares, upon completion of the Capital Reorganisation, the authorised share capital of the Company will remain at HK\$300,000,000 represented by 30,000,000,000 Adjusted Shares, and the issued share capital will be HK\$6,036,543.62 represented by 603,654,362 Adjusted Shares. Immediately after the Capital Reorganisation becoming effective, the Adjusted Shares will be traded in board lots of 10,000 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 Shares will rank *pari passu* in all respects with each other.

The effect of the Capital Reorganisation is summarised below:

	Prior to the Capital Reorganisation	Immediately following the Capital Reorganisation becoming effective (Note)
Nominal value of each Share/Adjusted Share	HK\$0.01	HK\$0.01
Number of authorised Shares/Adjusted Shares	30,000,000,000	30,000,000,000
Authorised share capital	HK\$300,000,000	HK\$300,000,000
Number of Shares/Adjusted Shares in issue	3,018,271,810	603,654,362
Issued and fully paid-up share capital	HK\$30,182,718.10	HK\$6,036,543.62

Note: The issued share capital 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.

Based on 3,018,271,810 Shares in issue as at the date of this announcement, a credit of approximately HK\$24.15 million will arise as a result of the Capital Reorganisation and will be transferred to the contributed surplus account of the Company. The Board currently has no plan as to the use of such amount.

Implementation of the Capital Reorganisation will not, of 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.

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, to stand in the market to provide matching services for the odd lots of Adjusted Shares on a best effort basis. Further details in respect of the odd lots arrangement and the free exchange of new share certificates will be set out in the circular to be despatched by the Company to the Shareholders.

Reasons for the Capital Reorganisation

The Board believes that the Capital Reorganisation is beneficial to the Company and the Shareholders as a whole. The Board is of the opinion that the Capital Reorganisation will provide the Company with greater flexibility for the issue of new Adjusted Shares in the future and the credit in the contributed surplus account arising as a result of the Capital Reorganisation will enable the Company to apply part of 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.

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, 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Free exchange of Share certificates

Subject to the Capital Reorganisation becoming effective, Shareholders may submit existing certificates for Shares to the Registrar from 10 July 2009 to 18 August 2009 (both dates inclusive) to exchange, at the expense of the Company, for certificates for the Adjusted Shares in board lot of 10,000 Adjusted Shares. Thereafter, certificates for the 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 Shares cancelled or each new share certificate issued for the Adjusted Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, certificates for the 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.

Expected timetable for the Capital Reorganisation

The expected timetable for implementation of the Capital Reorganisation and the associated trading arrangements are set out below:

2009

Despatch of circulars and proxy forms in relation to the SGM to the Shareholders	Wednesday, 17 June
Latest time for lodging proxy forms for the SGM	11:00 a.m. on Tuesday, 7 July
SGM	11:00 a.m. on Thursday, 9 July
Expected effective date of the Capital Reorganisation	Friday, 10 July
Dealings in Adjusted Shares commence	Friday, 10 July
Temporary close of original counter for trading in Shares (represented by existing share certificates) in board lot of 10,000 Shares	9:30 a.m. on Friday, 10 July
Temporary counter for trading in Adjusted Shares (represented by existing share certificates) in board lot of 2,000 Adjusted Shares opens	9:30 a.m. on Friday, 10 July
First day of free exchange of existing share certificates for new share certificates for the Adjusted Shares	Friday, 10 July
Original counter for trading in Adjusted Shares (represented by new share certificates) in board lot of 10,000 Adjusted Shares reopens	9:30 a.m. on Friday, 24 July
Parallel trading in Adjusted Shares (in the form of new and existing certificates) commences	9:30 a.m. on Friday, 24 July
Designated agent to stand in the market to provide matching service to facilitate the odd lots trading commences	9:30 a.m. on Friday, 24 July
Closure of temporary counter for trading in Adjusted Shares (represented by existing share certificates) in board lot of 2,000 Adjusted Shares	4:00 p.m. on Thursday, 13 August
Designed agent to stand in the market to provide matching services ends	4:00 p.m. on Thursday, 13 August
Parallel trading in Adjusted Shares (in the form of new and existing certificates) ends	4:00 p.m. on Thursday, 13 August
Last day for free exchange of existing share certificates for new share certificates for Adjusted Shares	Tuesday, 18 August

REFRESHMENT OF GENERAL MANDATES

At the annual general meeting of the Company held on 24 November 2008, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to allot up to 120,730,872 Shares, which is equivalent to 20% of the then issued share capital of the Company and (ii) to repurchase up to 60,365,436 Shares on the Stock Exchange, representing 10% of the then issued share capital of the Company. As at the date of this announcement, no Share has been issued and allotted pursuant to the Existing General Mandate.

During the period from the granting of the Existing General Mandate to the date of this announcement, the Company has conducted the Open Offer. Pursuant to the Open Offer, the issued share capital of the Company was enlarged to 3,018,271,810 Shares. As such, the 120,730,872 Shares available to be allotted and issued pursuant to the Existing General Mandate only represented approximately 4.00% of the issued share capital of the Company as enlarged by the Open Offer.

In order to provide a flexible mean for the Company to raise further funds and/or to procure potential merger and acquisition opportunities through the issue of new Shares (or Adjusted Shares if the Capital Reorganisation becomes effective) for its future business development, the Board proposes to refresh the general mandates for the Directors to (i) issue and allot new Shares (or Adjusted Shares if the Capital Reorganisation becomes effective) not exceeding 20% of the issued share capital of the Company as at the date of the SGM; and (ii) repurchase Shares (or Adjusted Shares if the Capital Reorganisation becomes effective) on the Stock Exchange not exceeding 10% of the issued share capital of the Company as at the date of the SGM.

As at the date of this announcement, the existing authorised share capital of the Company consists of 30,000,000,000 Shares out of which 3,018,271,810 Shares are issued and fully paid up.

Based on the 3,018,271,810 Shares in issue and assuming that no further Shares are repurchased and issued prior to the SGM, subject to the passing of the relevant ordinary resolutions to approve the New General Mandates at the SGM, the Directors will be authorized to allot and issue up to a limit of 603,654,362 Shares or the equivalent 120,730,872 Adjusted Shares upon completion of the Capital Reorganisation under the Issue Mandate; and to repurchase up to 301,827,181 Shares or the equivalent 60,365,436 Adjusted Shares upon completion of the Capital Reorganisation under the Repurchase Mandate. The Directors consider that the Issue Mandate and the Repurchase Mandate will enhance the flexibility for the Company to manage its business and therefore the New General Mandates are fair and reasonable and the granting of the New General Mandates are in the interests of the Company and the Shareholders as a whole.

GENERAL

The SGM will be held for the Shareholders to consider and, if thought fit, pass the resolutions to approve, among other things, the Capital Reorganisation and the New General Mandates.

The Issue Mandate is proposed to the Shareholders prior to the Company's next annual general meeting, and therefore, pursuant to the Listing Rules, the Issue Mandate will be subject to the Independent Shareholders' approval by way of poll at the SGM, and the Controlling Shareholder of the Company, Venture Success Holdings Limited, and its associates are required to abstain from voting in favour thereon. The Company will form an Independent Board Committee comprising the independent non-executive Directors and appoint an independent financial adviser to advise the Independent Board Committee and independent Shareholders on the Issue Mandate.

A circular containing, among other things, further details of (i) the Capital Reorganisation and (ii) the New General Mandates, (iii) letter of recommendation from the Independent Board Committee on the refreshment of the Issue Mandate; (iv) letter of recommendation from the independent financial adviser to the Independent Board Committee and Independent Shareholders on the refreshment of the Issue Mandate; and (v) a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

TERMS AND DEFINITIONS

“Adjusted Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective
“associates”	has the meaning ascribed to it in the Listing Rules
“Bermuda Companies Act”	the Companies Act 1981 of Bermuda
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong throughout their normal business hours
“Bye-Laws”	the bye-laws of the Company from time to time
“Capital Reduction”	the proposed reduction of the nominal value of the issued Consolidated Shares from HK\$0.05 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.04 on each of the issued Consolidated Share
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving, inter alia, the Share Consolidation, the Capital Reduction and the Subdivision, details of which are set out in the section entitled “Proposed Capital Reorganisation” in this announcement

“CCASS”	the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited
“Company”	Solartech International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company immediately after the Share Consolidation but before the Capital Reduction and the Subdivision
“Controlling Shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Existing General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company on 24 November 2008, among other things, to allot, issue and deal with up to 120,730,872 Shares, representing 20% of the then issued share capital of the Company and to repurchase up to 60,365,436 Shares, representing 10% of the then issued share capital of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board established by the Board to advise the Independent Shareholders in respect of the Issue Mandate
“Independent Shareholders”	Shareholders other than the Controlling Shareholder(s) and their associates or, where there are no Controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Issue Mandate”	the mandate proposed to be sought at the SGM to authorize the Directors to allot, issue and deal with Shares (or Adjusted Shares if the Capital Reorganisation becomes effective) not exceeding 20% of the issued share capital of the Company as at the date of the SGM

“Kingston Securities”	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)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New General Mandates”	the Issue Mandate and the Repurchase Mandate
“Open Offer”	the issue of 2,414,617,448 new Shares by way of open offer, details of which were disclosed in the prospectus of the Company dated 19 January 2009
“PRC”	the People’s Republic of China
“Registrar”	Tricor Secretaries Limited
“Repurchase Mandate”	the mandate proposed to be sought at the SGM to authorize the Directors to exercise power of the Company to repurchase Shares (or Adjusted Shares if the Capital Reorganisation becomes effective) on the Stock Exchange not exceeding 10% of the issued share capital of the Company as at the date of the SGM
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Capital Reorganisation
“Share Consolidation”	the proposed consolidation of every five (5) Shares into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of the Share(s) or Adjusted Share(s) (as the case may be)
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, pass the resolutions to approve, among other things, the Capital Reorganisation and the New General Mandates
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivision”	the proposed subdivision of each authorized but unissued Consolidated Share into five (5) Adjusted Shares
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong
“%” per cent.

On behalf of the Board
Solartech International Holdings Limited
Chau Lai Him
Chairman and Managing Director

Hong Kong, 3 June 2009

As at the date of this announcement, the board of directors of the Company comprises Mr. Chau Lai Him, Mr. Zhou Jin Hua, Mr. Liu Jin Rong, Mr. Ho Pang Cheng Vincent and Mr. Lam Chi Ming Francis being the executive directors and Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming being the independent non-executive directors.