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If you have sold or transferred all your shares in **SolarTech International Holdings Limited**, you should at once hand this circular and the enclosed form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

**PROPOSED CAPITAL REORGANISATION;
REFRESHMENT OF GENERAL MANDATES;
REFRESHMENT OF SCHEME MANDATE LIMIT;
RE-ELECTION OF DIRECTORS;
AND
NOTICE OF SPECIAL GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



Terms used in this cover page, have the same meanings as defined in this circular.

A letter from the Independent Board Committee is set out on page 16 of this circular and a letter from Guangdong Securities Limited to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 23 of this circular.

A notice convening a special general meeting of the Company to be held at Unit 7, 2nd Floor, Kingsford Industrial Centre, 13 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong at 10:00 a.m. on Thursday, 9 July 2009 is set out on pages 55 to 60 of this circular. A form of proxy for use by the Shareholders at the special general meeting is enclosed herein. Whether or not you are able to attend the meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the head office and principal place of business of the Company in Hong Kong at Unit 7, 2nd Floor, Kingsford Industrial Centre, 13 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting if you so wish.

* For identification purpose only

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“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 canceling 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 the Share Consolidation, the Capital Reduction and the Subdivision, details of which are set out in the section entitled “Capital Reorganisation” in this circular
“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

DEFINITIONS

“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
“Extension Mandate”	the proposed extension of the Issue Mandate to be sought at the SGM to authorise the Directors to issue further Shares (or Adjusted Shares if the Capital Reorganisation becomes effective) equal to the Shares (or Adjusted Shares if the Capital Reorganisation becomes effective) repurchased under the Repurchase Mandate
“Group”	the Company and its subsidiaries
“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management)
“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 and the Extension 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

DEFINITIONS

“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)
“Latest Practicable Date”	11 June 2009, being the latest practicable date for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New General Mandates”	the Issue Mandate, the Repurchase Mandate and the Extension 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
“Scheme Mandate Limit”	the maximum number of Shares that may be issued upon exercise of all Share Options to be granted under the Share Option Scheme and all other options under any other share option schemes of the Group; in respect of the existing Scheme Mandate Limit, 60,365,436 Shares, and in respect of the Scheme Mandate Limit (as refreshed) to be approved at the SGM, equivalent to 10% of the issued share capital of the Company as at the date of approval of the refreshment of the Scheme Mandate Limit

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong)
“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, the New General Mandates, the refreshment of the Scheme Mandate Limit and the re-election of Directors
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Capital Reorganisation
“Shareholder(s)”	holder(s) of the Share(s) or Adjusted Share(s) (as the case may be)
“Share Consolidation”	the proposed consolidation of every five (5) Shares into one (1) Consolidated Share
“Share Option(s)”	the option(s) to subscribe for Share(s) under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 16 September 2002
“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.

EXPECTED TIMETABLE

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

2009

Latest time for lodging proxy forms for the SGM	10:00 a.m. on Tuesday, 7 July
SGM	10:00 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
Designated 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

LETTER FROM THE BOARD



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)

Executive Directors

Mr. CHAU Lai Him (*Chairman and Managing Director*)

Mr. ZHOU Jin Hua (*Deputy Chairman*)

Mr. LIU Jin Rong

Mr. HO Pang Cheng Vincent

Mr. LAM Chi Ming Francis

Registered Office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent Non-executive Directors

CHUNG Kam Kwong

LO Wai Ming

LO Chao Ming

Principal place of business

in Hong Kong

No. 7, 2nd Floor

Kingsford Industrial Centre

13 Wang Hoi Road

Kowloon Bay

Kowloon

Hong Kong

15 June 2009

To the Shareholders

Dear Sir or Madam,

**PROPOSED CAPITAL REORGANISATION;
REFRESHMENT OF GENERAL MANDATES;
REFRESHMENT OF SCHEME MANDATE LIMIT;
RE-ELECTION OF DIRECTORS;
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

The Company announced on 3 June 2009 that the Company proposed to, among other things, (i) implement 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 canceling 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

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LETTER FROM THE BOARD

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; and (ii) refresh the general mandates for the Directors to 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 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 Board also proposes to refresh the Scheme Mandate Limit and re-elect the Directors.

The purpose of this circular is to provide you with further information regarding, among other things, (i) the Capital Reorganisation; (ii) the New General Mandates; (iii) the refreshment of the Scheme Mandate Limit; (iv) the re-election of Directors; (v) the recommendation from the Independent Board Committee on the refreshment of the Issue Mandate and the Extension Mandate; (vi) the recommendation from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders on the Issue Mandate and the Extension Mandate; and (vii) the notice convening the SGM.

CAPITAL REORGANISATION

The Capital Reorganisation 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 Latest Practicable Date, the authorised share capital of the Company was 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 Latest Practicable Date, there were 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.

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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 Latest Practicable Date, the Company had 60,360,000 outstanding Share Options. Save as disclosed, the Company had no other 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.

LETTER FROM THE BOARD

The effect of the Capital Reorganisation is summarised below:

	Prior to the Capital Reorganisation	Immediately following the Capital Reorganisation becoming effective <i>(Note)</i>
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 Latest Practicable Date and the date of the SGM.

Based on 3,018,271,810 Shares in issue as at the Latest Practicable Date, 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 to the Shareholders who wish to top up or sell their holdings of odd lots of the Adjusted Shares for the period from Friday, 24 July 2009 to Thursday, 13 August 2009 (both dates inclusive). Holders of odd lots of the Adjusted

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Shares who wish to take advantage of this facility either to dispose of their odd lots of the Adjusted Shares or top up to a full board lot may, directly or through their brokers, contact Ms. Rosita Kiu of Kingston Securities by phone at (852)2298-6215 or by fax at (852)2295-0682 during this period. Holders of odd lots of the Adjusted Shares should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot facility is recommended to consult his/her/its own professional advisers.

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.

No part of the securities of the Company is listed or dealt in or of which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

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, existing purple 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 purple share certificate of the Shares cancelled or each new red share

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certificate issued for the Adjusted Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, existing purple 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 new red certificates for the Adjusted Shares at any time in accordance with the foregoing.

It is expected that new certificates for Adjusted Shares will be available for collection within 10 Business Days after the submission of the existing share certificates for existing Shares to the Registrar.

TRADING ARRANGEMENTS

Subject to the Capital Reorganisation becoming effective, the arrangement for trading in the Adjusted Shares will be as follows:

- (i) with effect from 9:30 a.m. on Friday, 10 July 2009, the original counter for trading in Shares in board lots of 10,000 Shares will be temporarily closed;
- (ii) with effect from 9:30 a.m. on Friday, 10 July 2009, a temporary counter for trading in Adjusted Shares in board lots of 2,000 Adjusted Shares, in the form of existing share certificates for the Shares, will be opened, and for the purpose of settlement and delivery for trading at this temporary counter every 5 Shares will be deemed to represent one Adjusted Share. Only existing purple share certificates for the Shares can be traded at this counter;
- (iii) with effect from 9:30 a.m. on Friday, 24 July 2009, the original counter will be re-opened for trading in the Adjusted Shares in the board lots of 10,000. Only new red share certificates for the Adjusted Shares can be traded at this counter;
- (iv) during the period from 9:30 a.m. on Friday, 24 July 2009 to 4:00 p.m. to Thursday, 13 August 2009 (both days inclusive), parallel trading will be permitted at the above two counters;
- (v) the temporary counter for trading in Adjusted Shares in board lots of 2,000 in the form of existing purple share certificates will be removed after the close of trading at 4:00 p.m. on Thursday, 13 August 2009; and
- (vi) with effect from 9:30 a.m. Friday, 14 August 2009, trading will only be done in Adjusted Shares in board lots of 10,000 (in the form of new red share certificates). Existing purple certificates will only be valid for delivery and settlement in respect of dealing for the period up to and including 4:00 p.m. on Thursday, 13 August 2009 and thereafter will not be acceptable for trading and settlement purposes.

Shareholders are recommended to consult their licensed securities dealers, bank managers, solicitors, professional accountants or other professional advisers if they are in any doubt about the facilities described above.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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 Latest Practicable Date, 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; (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; and (iii) extend the Issue Mandate so that the Directors be given a general mandate to issue further Shares equal to the number of Shares repurchased under the Repurchase Mandate.

Each of the Issue Mandate and the Extension 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 and the Extension Mandate will be subject to the Independent Shareholders' approval by way of poll at the SGM. The Controlling Shareholder and its associates or where there is no Controlling Shareholders, the Directors (excluding independent non-executive Directors) and chief executive of the Company and their respective associates are required to abstain from voting in favour thereon.

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 New General Mandates 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. As at the Latest Practicable Date, the Company had no present intention to exercise the Issue Mandate to allot and issue any new Shares.

LETTER FROM THE BOARD

An Independent Board Committee has been established to make recommendations to the Independent Shareholders, and Guangdong Securities has been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the Issue Mandate and the Extension Mandate.

REFRESHMENT OF THE SCHEME MANDATE LIMIT

The number of Shares subject to the existing Scheme Mandate Limit under the Share Option Scheme is 60,365,436 Shares. As at the Latest Practicable Date, 60,360,000 Share Options have been granted under the existing Scheme Mandate Limit.

The Scheme Mandate Limit may be “refreshed” by the approval of the Shareholders and the “refreshed” Scheme Mandate Limit must not exceed 10% of the issued share capital of the Company as at the date of approval. Share Options previously granted under the Share Option Scheme and other share option schemes of the Company (including options outstanding, cancelled, exercised or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Group) shall not be counted for the purposes of calculating the “refreshed” Scheme Mandate Limit. The Directors therefore propose that the Scheme Mandate Limit be refreshed and the refreshment of the Scheme Mandate Limit will be subject to the approval of the Shareholders at the SGM.

As at the Latest Practicable Date, there were 60,360,000 outstanding Share Options granted under the Share Option Scheme or any other scheme(s) of the Company which remain outstanding. These outstanding options are granted, not exercised and yet to be lapsed. Based on the existing issued share capital of 3,018,271,810 Shares as at the Latest Practicable Date, the number of Shares under the Scheme Mandate Limit to be refreshed will be 301,827,181 Shares, being 10% of the issued share capital of the Company; and the number of Shares which may be issued upon exercise of all outstanding Shares Options was 60,360,000 Shares, representing approximately 2% of the issued Share Capital of the Company.

Assuming that the refreshment of the Scheme Mandate Limit is approved, the aggregate of the number of Shares (1) that may be issued pursuant to the Share Options to be granted under the Scheme Mandate Limit (as refreshed); and (2) to be issued under all Share Options granted and yet to be exercised will be 362,187,181 Shares or the equivalent 72,437,436 Adjusted Shares upon completion of the Capital Reorganisation, representing approximately 12% of the existing issued share capital of 3,018,271,810 Shares as at the Latest Practicable Date, which is within the 30% scheme limit of the Share Option Scheme as prescribed under the Share Option Scheme and the Listing Rules.

The refreshment of the Scheme Mandate Limit is conditional upon:

- (i) the passing of an ordinary resolution at the SGM to approve the refreshment of the Scheme Mandate Limit by the Shareholders; and

LETTER FROM THE BOARD

- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of Share Options that may be granted under the refreshed Scheme Mandate Limit.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Shares or Adjusted Shares to be issued under the refreshed Scheme Mandate Limit.

RE-ELECTION OF DIRECTORS

Mr. Ho Pang Cheng, Vincent and Mr. Lam Chi Ming, Francis will retire from office as Directors at the SGM and each of the aforementioned Directors, being eligible, will offer themselves for re-election. Details of Mr. Ho Pang Cheng, Vincent and Mr. Lam Chi Ming, Francis which are required to be disclosed pursuant to the Listing Rules, are set out in Appendix II to this circular.

GENERAL

The Independent Board Committee comprising Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming, all being independent non-executive Directors, has been formed to advise the Independent Shareholders on the Issue Mandate and the Extension Mandate. Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders on the Issue Mandate and the Extension Mandate.

The text of the letter from the Independent Board Committee is set out on page 16 of this circular and the text of the letter from Guangdong Securities containing its advice is set out on pages 17 to 23 of this circular.

SGM

A notice convening the SGM is set out on pages 55 to 60 of this circular. The SGM will be convened for the purpose of considering and, if thought fit, passing the resolutions to approve the Capital Reorganisation, the New General Mandates, the refreshment of the Scheme Mandate Limit and the re-election of Directors.

Pursuant to the Listing Rules, each of the Issue Mandate and the Extension Mandate requires the approval of the Independent Shareholders by poll at the SGM. As at the Latest Practicable Date, the Company had no Controlling Shareholder and 812,211,488 Shares were held by Venture Success Holdings Limited, a company beneficially owned by as to 74% by Mr. Chau Lai Him, the Chairman and Managing Director of the Company. Mr. Chau Lai Him and his associates are required to abstain from voting in favour thereon.

LETTER FROM THE BOARD

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the head office and principal place of business of the Company in Hong Kong at Unit 7, 2nd Floor, Kingsford Industrial Centre, 13 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting if you so wish.

RECOMMENDATIONS

The Board is of the opinion that the Capital Reorganisation, the New General Mandates, the refreshment of the Scheme Mandate Limit and the re-election of Directors are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

DIRECTORS' RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility of the accuracy of the information contained in this circular, and confirm, having made all reasonable enquiries, that to the best of their knowledge, information and belief, there are no other facts the omission of which would make any statement herein misleading.

ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular.

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



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)

15 June 2009

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATES TO ISSUE AND ALLOT SHARES

We refer to the circular of the Company to the Shareholders dated 15 June 2009 (the “Circular”), of which this letter forms part. Terms defined herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned. Guangdong Securities has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of its advice, together with the principal factors and reasons taken into account in arriving at such advice, are set out in their letter of advice on pages 17 to 23 of the Circular.

Having considered the advice of Guangdong Securities, we consider that the Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned and the Issue Mandate and the Extension Mandate are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Issue Mandate and the Extension Mandate.

Yours faithfully,

Independent Board Committee

Mr. Chung Kam Kwong

Independent

Non-executive Director

Mr. Lo Wai Ming

Independent

Non-executive Director

Mr. Lo Chao Ming

Independent

Non-executive Director

* For identification purpose only

LETTER FROM GUANGDONG SECURITIES

Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Issue Mandate and the Extension Mandate for the purpose of inclusion in this circular.



粵海證券有限公司
GUANGDONG SECURITIES LIMITED

Units 2505-06, 25/F.
Low Block of Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

15 June 2009

To: *The independent board committee and the independent shareholders of Solartech International Holdings Limited.*

Dear Sirs,

PROPOSED GRANT OF ISSUE MANDATE AND EXTENSION MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Issue Mandate and the Extension Mandate, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 15 June 2009 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 3 June 2009, the Board announced its proposed implementation of the Capital Reorganisation and the refreshment of the Existing General Mandate.

As at the Latest Practicable Date, 120,730,872 new Shares (equivalent to 24,146,174 Adjusted Shares when the Capital Reorganisation becomes effective), representing approximately 4% of the issued share capital of the Company as enlarged by the Open Offer, could be issued under the Existing General Mandate which was granted to the Directors at the annual general meeting of the Company held on 24 November 2008 (the "**AGM**"). Therefore, the Board proposed to seek approval of the Independent Shareholders for the issue of the Issue Mandate and the Extension Mandate such that the Directors will be granted the authority to issue, allot and deal with new shares of the Company not exceeding 20% of its total issued share capital as at the date of passing the relevant resolution(s) at the SGM as well as the shares of the Company repurchased under the Repurchase Mandate. Pursuant to Rule 13.36(4) of the Listing Rules, the grant of the Issue Mandate and the Extension Mandate require the approval of the Independent Shareholders at the SGM at which any of the Controlling Shareholders (as defined in the Listing Rules) and their associates or, where there is no Controlling Shareholder, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of

LETTER FROM GUANGDONG SECURITIES

the resolutions proposed for the approval of such grant, and pursuant to Rule 13.39(4)(b) of the Listing Rules, any vote of the Shareholders at a general meeting will be taken by way of poll. As such, Venture Success Holdings Limited, being the Controlling Shareholder, and its associates shall abstain from voting in favour of the ordinary resolutions in respect of the grant of the Issue Mandate and the Extension Mandate at the SGM.

An Independent Board Committee comprising Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming (all being independent non-executive Directors) has been established to advise the Independent Shareholders on the Issue Mandate and the Extension Mandate. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true, complete and accurate in all material respects at the time when they were made and continue to be so as at the date of the despatch of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful considerations. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our recommendation in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the grant of the Issue Mandate and the Extension Mandate. In addition, we have no obligation to update this opinion to take into account events occurring after the issue of this letter. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any shares or other securities of the Company.

LETTER FROM GUANGDONG SECURITIES

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the grant of the Issue Mandate and the Extension Mandate, we have taken into consideration the following principal factors and reasons:

(1) Background of the grant of the Issue Mandate and the Extension Mandate

The Company is an investment holding company and the Group is principally engaged in the manufacture and trading of cables and wires for use in household electrical appliances and electronic products, copper products, connectors and terminals and wire harness.

The Directors were authorised to issue and allot up to 120,730,872 new Shares under the Existing General Mandate which was granted to the Directors at the AGM.

As disclosed in the announcements of the Company dated 10 December 2008 and 31 December 2008, the circular of the Company dated 31 December 2008 and the prospectus of the Company dated 19 January 2009 regarding the Open Offer, 2,414,617,448 new Shares were issued after the completion of the Open Offer. Although such new Shares were not issued under the authority of the Existing General Mandate, the 120,730,872 new Shares (equivalent to 24,146,174 Adjusted Shares when the Capital Reorganisation becomes effective) which could be issued under the Existing General Mandate only represent approximately 4% of the issued share capital of the Company as enlarged by the Open Offer.

As at the Latest Practicable Date, the Company had 3,018,271,810 Shares (equivalent to approximately 603,654,362 Adjusted Shares when the Capital Reorganisation becomes effective) in issue. On the basis that no Share would be issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the SGM, the Issue Mandate would allow the Directors to issue, allot and deal with up to 603,654,362 new Shares (equivalent to approximately 120,730,872 Adjusted Shares when the Capital Reorganisation becomes effective), representing 20% of the aforesaid total issued share capital of the Company.

Given the above, the Board proposes to seek approval of the Independent Shareholders for the grant of the Issue Mandate and the Extension Mandate such that the Directors will be granted the authority to issue, allot and deal with new shares of the Company not exceeding 20% of its total issued share capital as at the date of passing the relevant resolution(s) at the SGM as well as the shares of the Company repurchased under the Repurchase Mandate.

LETTER FROM GUANGDONG SECURITIES

(2) Reasons for the refreshment of the Existing General Mandate

As advised by the Directors, the Directors consider the refreshment of the Existing General Mandate to be in the interests of the Company and the Shareholders as a whole by way of maintaining the financial flexibility for the Company to raise further funds and/or to procure potential merger and acquisition opportunities through the issue of new shares of the Company. In this regard, the Directors also consider equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group.

We noted from the interim report of the Company for the six months ended 31 December 2008 (the “**Interim Report**”) that the Group recorded an unaudited turnover of approximately HK\$632 million for the six months ended 31 December 2008. With reference to the Interim Report, the Group’s turnover was affected by the global economic downturn and the Group is cautious about the outlook of the export markets for electrical and electronic consumer products in the PRC and Hong Kong.

In light of that the grant of the Issue Mandate and the Extension Mandate would provide the Company with the necessary flexibility to fulfil any possible funding needs for future business development and/or investment decisions under the current uncertain market condition, we are of the view that the grant of the Issue Mandate and the Extension Mandate are in the interests of the Company and the Shareholders as a whole.

(3) Fund raising activity in the past twelve months

Set out below is the fund raising activity conducted by the Company in the past twelve months prior to the Latest Practicable Date:

Date of announcement	Description of the fund raising activity	Intended use of proceeds	Actual use of proceeds
10 December 2008	Open offer of 2,414,617,448 new Shares at subscription price of HK\$0.027 per Share	Approximately HK\$60 million for general working capital of the Group	Applied as general working capital of the Group

Save as and expect for the above, the Company had not conducted any other fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

(4) Flexibility in financing

As advised by the Directors, the Group does not obviate the possibilities of further issuing capital if there is investor indicating interest in the business of the Company. The Directors believe that the refreshment of the Existing General Mandate will provide the Group with flexibility for possible future fund raising. The Directors are therefore of the view that the grant of the Issue Mandate and the Extension Mandate are in the interests of the Company and the Shareholders as a whole.

As discussed in the foregoing, we consider that the grant of the Issue Mandate and the Extension Mandate would provide the Company with the necessary flexibility to fulfil any possible funding needs for future business development and/or investment decisions. The grant of the Issue Mandate and the Extension Mandate would provide the Company with the flexibility as allowed under the Listing Rules to issue and allot new shares of the Company for equity fund raising activities, such as share placement, or as consideration for potential investments in the future as and when such opportunities arise. Furthermore, the additional amount of equity which may be raised after the grant of the Issue Mandate and the Extension Mandate would provide the Group with more financing options when assessing and negotiating potential investments in a timely manner. Given the financial flexibility available to the Company as discussed previously, we are of the opinion that the grant of the Issue Mandate and the Extension Mandate are in the interests of the Company and the Shareholders as a whole.

(5) Other financing alternatives

We have enquired into the Directors and the Directors confirmed that apart from equity financing, the Group will also consider debt financing, such as bank borrowings, to be other possible fund raising alternatives available to the Group. However, the Directors are of the view that the ability of the Group to obtain bank borrowings usually depends on the Group's profitability, financial position and the then prevailing market condition. Furthermore, such alternative may be subject to lengthy due diligence and negotiations with banks. In view of also that debt financing will usually incur interest burden on the Group, the Directors consider debt financing to be relatively uncertain, impracticable and time-consuming as compared to equity financing for the Group to obtain additional funding.

The Directors confirmed that they would exercise due and careful consideration when choosing the best financing method available to the Group. With this being the case, along with the fact that the grant of the Issue Mandate and the Extension Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future business development, we concur with the Directors that the grant of the Issue Mandate and the Extension Mandate are in the interests of the Company and the Shareholders as a whole.

LETTER FROM GUANGDONG SECURITIES

(6) Potential dilution to the shareholdings of the public Shareholders

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilisation of the Issue Mandate and the Extension Mandate assuming no other shares of the Company are issued or repurchased by the Company after the Latest Practicable Date up to the date of the SGM:

	Shareholding in the Company as at the Latest Practicable Date			Shareholding in the Company upon full utilisation of the Issue Mandate and the Extension Mandate (assuming no other shares of the Company are issued or repurchased by the Company after the Latest Practicable Date up to the date of the SGM)		
	No. of Shares	No. of Adjusted Shares	%	No. of Shares	No. of Adjusted Shares	%
Venture Success Holdings Limited (Note)	812,211,488	162,442,298	26.91	812,211,488	162,442,298	22.42
Other public Shareholders	2,206,060,322	441,212,064	73.09	2,206,060,322	441,212,064	60.91
Shares of the Company to be issued under the Issue Mandate	-	-	-	603,654,362	120,730,872	16.67
Total	3,018,271,810	603,654,362	100	3,621,926,172	724,385,234	100

Note: Venture Success Holdings Limited, a company incorporated in the British Virgin Islands, is owned as to 74% by Mr. Chau Lai Him, who is the Chairman and Managing Director of the Company and also a substantial shareholder of the Company, and 26% by Mr. Lau Man Tak, who is a director of Venture Success Holdings Limited.

The tables above illustrate that the shareholdings of the public Shareholders would be diluted by approximately 12.18 percent point.

Taking into account that the Issue Mandate and the Extension Mandate (i) would provide an alternative to increase the amount of capital which may be raised under the general mandate of the Company; (ii) would provide more options of financing to the Group for further development of its business as well as in potential future investment as and when such opportunities arise; and (iii) the shareholding interests of all Shareholders in the Company will be diluted in proportion to their respective shareholdings upon any utilisation of the Issue Mandate and the Extension Mandate, we are of the opinion that the potential dilution to the shareholdings of the public Shareholders as just mentioned is acceptable.

LETTER FROM GUANGDONG SECURITIES

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the terms of the Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned and the grant of the Issue Mandate and the Extension Mandate are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the grant of the Issue Mandate and the Extension Mandate and we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in this regard.

Yours faithfully,
For and on behalf of
Guangdong Securities Limited
Graham Lam
Managing Director

This Appendix serves as an explanatory statement, as required by Rule 10.06 of the Listing Rules, to provide certain information to you for your consideration of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, there was a total of 3,018,271,810 Shares in issue.

Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 301,827,181 Shares.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASES

Repurchases made pursuant to the Repurchase Mandate shall be funded out of funds legally available for the purpose in accordance with the Bye-laws and the applicable laws of Bermuda. Under the laws of Bermuda, the repurchased shares will be cancelled and the Company's issued share capital will be reduced by the nominal value of those repurchased shares accordingly. However, the aggregate amount of the Company's authorised capital will not be reduced.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the Annual Report for the year ended 30 June 2008) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital requirements of the Company or the gearing levels of the Company.

4. SHARE PRICES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the 12 months preceding the Latest Practicable Date:

	Share Prices per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2008		
June	0.100	0.091
July	0.093	0.071
August	0.070	0.058
September	0.061	0.048
October	0.048	0.028
November	0.034	0.030
December	0.038	0.029
2009		
January	0.049	0.032
February	0.050	0.032
March	0.039	0.032
April	0.048	0.033
May	0.105	0.040
June (up to the Latest Practice Date)	0.095	0.061

5. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, has any present intention to sell any Shares to the Company, if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda, and in accordance with the regulations set out in the Bye-laws.

The Company has not been notified by any connected person (as defined in the Listing Rules) that such a person has a present intention to sell, or has undertaken not to sell, any Shares to the Company, if the Repurchase Mandate is approved by the Shareholders.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, the substantial Shareholders together with their respective associates were beneficially interested in 812,211,488 Shares, representing approximately 26.91% of the issued share capital of the Company. In the event that the Directors exercised in full the power to repurchase Shares in accordance with the terms of the Repurchase Mandate and assuming no further Shares are issued by the Company, the interests of the substantial Shareholders together with their respective associates in the Company would be increased to approximately 29.90% of the issued share capital of the Company. Such an increase will not trigger any mandatory general offer obligations under the Code.

Save as disclosed above, the Directors are currently not aware of any consequences which will arise under the Code as a result of any purchase made under the Repurchase Mandate.

In the last six months preceding the Latest Practicable Date the Company had not repurchased Shares, whether on the Stock Exchange or otherwise.

The particulars of the Directors who will retire at the SGM and who are proposed to be re-elected at the SGM are provided below:

Mr. Ho Pang Cheng, Vincent (“Mr. Ho”), aged 52, is currently the general manager of the Singapore and Malaysia trading of the Company and its subsidiaries (the “Group”). Mr. Ho is currently also the general manager of the Group’s manufacturing operations in Malaysia, Thailand and the People’s Republic of China (Qingdao and Jiangmen). He holds a master degree in business administration from the University of Strathclyde, the United Kingdom; a professional diploma in marketing from the Chartered Institute of Marketing, the United Kingdom; a technical diploma in electrical & electronic engineering and a postgraduate diploma in marketing management, both from the Ngee Ann Polytechnic, Singapore. He has over 20 years of sales and marketing, business development and management experience in the electrical & electronics industries. Prior to joining the Group, Mr. Ho was a general manager of Stocko Singapore Pte Ltd. He was also a vice-president of Microtronics Associates Pte Ltd and a marketing manager of Fujitsu Microelectronics Asia Pte Ltd.

No terms have been fixed or proposed for Mr. Ho’s length of service with the Company. In accordance with the Company’s Bye-Laws, Mr. Ho will hold office until the forthcoming general meeting and will be eligible for re-election. Thereafter, he will retire by rotation at least once every three years at the annual general meeting and will be eligible for re-election.

Mr. Ho is also currently a director of each of Stocko Electronics Asia Pacific Pte Ltd (“Stocko”), TEM Group Limited, TEM Electronics (M) Sdn Bhd, SIC Electronics Co Ltd, SIT Electronics Co Ltd and TEM Electronics (Jiangmen) Co Ltd, all of which are wholly owned subsidiaries of the Company. Mr. Ho has entered into a director’s service contract with Stocko, which is 100 % owned by the Company, commencing from 1 February 1999. Under this service contract, Mr. Ho is entitled to receive a basic salary of Singapore Dollars 12,102 per month (equivalent to approximately HK\$64,000), one month’s annual wage supplement and a discretionary performance bonus. There is no separate director’s service contract entered into between Mr. Ho and the Company. Mr. Ho is not entitled to any additional emoluments in his capacity as a director of the Company.

Save as disclosed herein, Mr. Ho had not previously held any position in the Company or its other subsidiaries and had no relationship with any directors, senior management or substantial or controlling shareholders of the Company within the meaning of the Listing Rules. Mr. Ho had not held any directorship in any listed companies during the three years preceding his appointment. As at the Latest Practicable Date, Mr. Ho did not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Ho confirmed that there are no other matters that need to be brought to the attention of the shareholders of the Company and no other information that should be disclosed pursuant to any of the requirements of rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Mr. Lam Chi Ming, Francis (“Mr. Lam”), aged 50, is currently the general manager of Chau’s Electrical Company Limited (“Chau’s”), which is 100% owned by the Company. He is responsible for the overall planning and management of all the operations of the Group.

Mr. Lam holds a bachelor degree of arts in economic and social studies from University of Manchester, the United Kingdom. Mr. Lam is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a fellow member of the Hong Kong Institute of Certified Public Accountants. He has over 20 years of experience in the field of financial and general management. Prior to joining the Group, Mr. Lam was the financial controller of China Flavors and Fragrances Company Limited, a company listed on the main board of the Stock Exchange.

No terms have been fixed or proposed for Mr. Lam’s length of service with the Company. In accordance with the Company’s Bye-Laws, Mr. Lam will hold office until the forthcoming general meeting and will be eligible for re-election. Thereafter, he will retire by rotation at least once every three years at the annual general meeting and will be eligible for re-election.

As a general manager of Chau’s, Mr. Lam has entered into a service contract with Chau’s commencing from 20 April 2009. Under this service contract, Mr. Lam is entitled to receive a basic salary (inclusive of rental reimbursement) of HK\$1,200,000 per annum. There is no separate service contract entered into between Mr. Lam and the Company. Mr. Lam is not entitled to any additional emoluments in his capacity as a director of the Company.

Save as disclosed herein, Mr. Lam had not previously held any position in the Company or its other subsidiaries and had no relationship with any directors, senior management or substantial or controlling shareholders of the Company within the meaning of the Listing Rules. Mr. Lam had not held any directorship in any listed companies during the three years preceding his appointment. As at the Latest Practicable Date, he did not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Lam confirmed that there are no other matters that need to be brought to the attention of the shareholders of the Company and no other information that should be disclosed pursuant to any of the requirements of rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND BERMUDA COMPANY LAW

Set out below is a summary of certain provisions of the memorandum of association (the “Memorandum of Association”) and bye-laws (the “Bye-laws”) of the Company and of certain aspects of Bermuda company law.

1. MEMORANDUM OF ASSOCIATION

The Memorandum of Association states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the Company is an exempted company as defined in the Companies Act. The Memorandum of Association also sets out the objects for which the Company was formed. As an exempted company, the Company will be carrying on business outside Bermuda from a place of business within Bermuda.

In accordance with and subject to section 42A of the Companies Act 1981 of Bermuda (the “Companies Act”), the Memorandum of Association empowers the Company to purchase its own shares and pursuant to its Bye-laws, this power is exercisable by the board of Directors (the “board”) upon such terms and subject to such conditions as it thinks fit.

2. BYE-LAWS

The Bye-laws were adopted on 26 November, 1996 and amended at the special general meeting of the Company held on 3 January, 1998 and the annual general meetings of the Company held on 10 September, 2004, 10 November, 2005, 16 November, 2006 and 24 November, 2008 respectively. The following is a summary of certain provisions of the Bye-laws:

(a) Directors

(i) *Power to allot and issue shares and warrants*

Subject to any special rights conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights, or restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Act, any preference shares may be issued or converted into shares that are liable to be redeemed, at a determinable date or at the option of the Company or, if so authorised by the Memorandum of Association, at the option of the holder, on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the members determine. The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND BERMUDA COMPANY LAW

Subject to the provisions of the Companies Act, the Bye-laws, any direction that may be given by the Company in general meeting and, where applicable, the rules of any Designated Stock Exchange (as defined in the Bye-laws) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company (whether forming part of the original or any increased capital) shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries.

Note: The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Bye-laws or the Companies Act to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are no provisions in the Bye-laws relating to the making of loans to Directors. However, the Companies Act contains restrictions on companies making loans or providing security for loans to their directors, the relevant provisions of which are summarised in the paragraph headed "Bermuda Company Law" in this Appendix.

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(v) Financial assistance to purchase shares of the Company

Neither the Company nor any of its subsidiaries shall directly or indirectly give financial assistance to a person who is acquiring or proposing to acquire shares in the Company for the purpose of that acquisition whether before or at the same time as the acquisition takes place or afterwards, provided that the Bye-laws shall not prohibit transactions permitted under the Companies Act.

(vi) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of auditor of the Company) in conjunction with his office of Director for such period and, subject to the Companies Act, upon such terms as the board may determine, and may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Bye-laws. A Director may be or become a director or other officer of, or a member of, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Bye-laws, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Act and to the Bye-laws, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken

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into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board in respect of any contract or arrangement or other proposal in which he or any of his associates has a material interest, but this prohibition shall not apply to any of the following matters, namely:

- (a) the giving of any security or indemnity either:
 - (i) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (ii) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (b) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (c) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in five (5) per cent. or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;
- (d) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his associate(s) may benefit; or

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- (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (e) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(vii) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such remuneration (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Bye-law. A Director appointed to be a managing director, joint managing director, deputy managing director or to hold any other employment or executive office with the Company shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

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The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependants or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of or upon or at any time after his actual retirement.

(viii) Retirement, appointment and removal

At each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Note: There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or, subject to authorisation by the members in general meeting, as an addition to the existing board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the members in general meeting. Any Director appointed to fill a casual vacancy on the Board shall hold office only until the next following general meeting of the Company and any Director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the relevant meeting. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

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A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention to do so and be served on such Director fourteen (14) days before the meeting and, at such meeting, such Director shall be entitled to be heard on the motion for his removal. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2). There shall be not more than eight Directors unless otherwise determined from time to time by members of the Company.

The board may from time to time appoint one or more of its body to be a managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the board may determine and the board may revoke or terminate any of such appointments (but without prejudice to any claim for damages that such Director may have against the Company or vice versa). The board may delegate any of its powers, authorities and discretions to committees, consisting of such Director or Directors and other persons as the board thinks fit, and it may, from time to time, revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ix) Borrowing powers

The board may from time to time at its discretion exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Bye-laws in general, can be varied with the sanction of a special resolution of the Company.

(b) Alterations to constitutional documents

The Bye-laws may be rescinded, altered or amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association, to confirm any such rescission, alteration or amendment to the Bye-laws or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Act:

- (i) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association;
- (v) change the currency denomination of its share capital;
- (vi) make provision for the issue and allotment of shares which do not carry any voting rights; and
- (vii) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may, by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or any share premium account or other undistributable reserve in any manner permitted by law.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Act, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Bye-laws relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him. Any holder of shares of the class present in person or by proxy may demand a poll.

(e) Special resolution-majority required

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one (21) clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five (95%) per cent. in nominal value of the shares giving that right and in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one (21) clear days' notice has been given.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting on a show of hands, every member who is present in person (or being a corporation, is present by its duly authorised representative) or by proxy shall have one vote and on a poll every member present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share.

A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) voting by way of a poll is required to be demanded pursuant to the rules of the Designated Stock Exchange (as defined in the Bye-laws) or a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or

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- (d) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

If a clearing house (or its nominee(s) and, in each case, being a corporation) is a member of the Company it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of members of the Company provided that the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. Each person so authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares held by that clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation including the right to vote individually on a show of hands.

Where the Company has any knowledge that any member is, under the rules of the Designated Stock Exchange (as defined in the Bye-laws), required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Bye-laws)) and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the provisions of the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or, subject to the Companies Act, at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have

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any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

Subject to the Companies Act, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the general meeting and laid before the Company at the general meeting in accordance with the requirements of the Companies Act provided that this provision shall not require a copy of those documents to be sent to any person whose address the Company is not aware or to more than one of the joint holders of any shares or debentures; however, to the extent permitted by and subject to compliance with the Bye-laws, all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Bye-laws), the Company may send to such persons a summary financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Subject to the Companies Act, the Company shall at each annual general meeting appoint an auditor to audit the accounts of the Company and such auditor shall hold office from the conclusion of that meeting until the conclusion of the next annual general meeting of the Company. Such auditor may be a member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company. The remuneration of the auditor shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than Bermuda. If the auditing standards of a country or jurisdiction other than Bermuda are used, the financial statements and the report of the auditor should disclose this fact and name such country and jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting and any special general meeting at which the passing of a special resolution is to be considered shall be called by not less than twenty-one (21) clear days' notice. All other special general meetings shall be called

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by not less than fourteen (14) clear days' notice. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in such other form as the board may approve or in a form prescribed by the Designated Stock Exchange and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in Bermuda or such other place in Bermuda at which the principal register is kept in accordance with the Companies Act.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four (4) joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Bye-laws) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if

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applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in an appointed newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Bye-laws), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Bye-laws supplement the Company's Memorandum of Association (which gives the Company the power to purchase its own shares) by providing that the power is exercisable by the board upon such terms and conditions as it thinks fit.

(l) Power for any subsidiary of the Company to own shares in the Company

There are no provisions in the Bye-laws relating to ownership of shares in the Company by a subsidiary.

(m) Dividends and other methods of distribution

Subject to the Companies Act, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board. The Company in general meeting may also make a distribution to its members out of contributed surplus (as ascertained in accordance with the Companies Act). No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

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Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six (6) years after having been declared may be forfeited by the board and shall revert to the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

(o) Call on shares and forfeiture of shares

Subject to the Bye-laws and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit,

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receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect.

Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

The register and branch register of members shall be open to inspection between 10:00 a.m. and 12:00 noon on every business day by members of the public without charge, or by any other person, upon a maximum payment of five Bermuda dollars, at the registered office or such other place in Bermuda at which the register is kept in accordance with the Companies Act or, if appropriate, upon a maximum payment of ten dollars at the Registration Office (as defined in the Bye-laws), unless the register is closed in accordance with the Companies Act.

(q) Quorum for meetings and separate class meetings

For all purposes the quorum for a general meeting shall be two members present in person or (in the case of a member being a corporation) by its duly authorised representative or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Bye-laws relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Bermuda law, as summarised in paragraph 3(e) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

The Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Bye-laws) giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Bye-laws), has elapsed since such advertisement and the Designated Stock Exchange (as defined in the Bye-laws) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Other provisions

The Bye-laws provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

The Bye-laws also provide that the Company is required to maintain at its registered office a register of directors and officers in accordance with the provisions of the Companies Act and such register is open to inspection by members of the public without charge between 10:00 a.m. and 12:00 noon on every business day.

3. BERMUDA COMPANY LAW

The Company is incorporated in Bermuda and, therefore, operates subject to Bermuda law. Set out below is a summary of certain provisions of Bermuda company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Bermuda company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account", to which the provisions of the Companies Act relating to a reduction of share capital of a company shall apply as if the share premium account were paid up share capital of the company except that the share premium account may be applied by the company:

- (i) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;
- (ii) in writing off:
 - (aa) the preliminary expenses of the company; or
 - (bb) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; or

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
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- (iii) in providing for the premiums payable on redemption of any shares or of any debentures of the company.

In the case of an exchange of shares the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.

The Companies Act permits a company to issue preference shares and subject to the conditions stipulated therein to convert those preference shares into redeemable preference shares.

The Companies Act includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. Where provision is made by the memorandum of association or bye-laws for authorising the variation of rights attached to any class of shares in the company, the consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required, and where no provision for varying such rights is made in the memorandum of association or bye-laws and nothing therein precludes a variation of such rights, the written consent of the holders of three-fourths of the issued shares of that class or the sanction of a resolution passed as aforesaid is required.

(b) Financial assistance to purchase shares of a company or its holding company

A company is prohibited from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares unless there are reasonable grounds for believing that the company is, and would after the giving of such financial assistance be, able to pay its liabilities as they become due. In certain circumstances, the prohibition from giving financial assistance may be excluded such as where the assistance is only an incidental part of a larger purpose or the assistance is of an insignificant amount such as the payment of minor costs.

(c) Purchase of shares and warrants by a company and its subsidiaries

A company may, if authorised by its memorandum of association or bye-laws, purchase its own shares. Such purchases may only be effected out of the capital paid up on the purchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the company's share premium account. Any amount due to a shareholder on a purchase by a company of its own shares may (i) be paid in cash; (ii) be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or (iii) be satisfied partly under (i)

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and partly under (ii). Any purchase by a company of its own shares may be authorised by its board of directors or otherwise by or in accordance with the provisions of its bye-laws. Such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due. The shares so purchased may either be cancelled or held as treasury shares. Any purchased shares that are cancelled will, in effect, revert to the status of authorised but unissued shares. If shares of the company are held as treasury shares, the company is prohibited to exercise any rights in respect of those shares, including any right to attend and vote at meetings, including a meeting under a scheme of arrangement, and any purported exercise of such a right is void. No dividend shall be paid to the company in respect of shares held by the company as treasury shares; and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) shall be made to the company in respect of shares held by the company as treasury shares. Any shares allotted by the company as fully paid bonus shares in respect of shares held by the company as treasury shares shall be treated for the purposes of the Companies Act as if they had been acquired by the company at the time they were allotted.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Bermuda law that a company's memorandum of association or its bye-laws contain a specific provision enabling such purchases.

Under Bermuda law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. The holding company is, however, prohibited from giving financial assistance for the purpose of the acquisition, subject to certain circumstances provided by the Companies Act. A company, whether a subsidiary or a holding company, may only purchase its own shares if it is authorised to do so in its memorandum of association or bye-laws pursuant to section 42A of the Companies Act.

(d) Dividends and distributions

A company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Contributed surplus is defined for purposes of section 54 of the Companies Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.

(e) Protection of minorities

Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association and bye-laws. Furthermore, consideration would be given by the court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than actually approved it.

Any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, may petition the court which may, if it is of the opinion that to wind up the company would unfairly prejudice that part of the members but that otherwise the facts would justify the making of a winding up order on just and equitable grounds, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any members of the company by other members of the company or by the company itself and in the case of a purchase by the company itself, for the reduction accordingly of the company's capital, or otherwise. Bermuda law also provides that the company may be wound up by the Bermuda court, if the court is of the opinion that it is just and equitable to do so. Both these provisions are available to minority shareholders seeking relief from the oppressive conduct of the majority, and the court has wide discretion to make such orders as it thinks fit.

Except as mentioned above, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in Bermuda.

A statutory right of action is conferred on subscribers of shares in a company against persons, including directors and officers, responsible for the issue of a prospectus in respect of damage suffered by reason of an untrue statement therein, but this confers no right of action against the company itself. In addition, such company, as opposed to its shareholders, may take action against its officers including directors, for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

(f) Management

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence

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and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Companies Act requires that every officer should comply with the Companies Act, regulations passed pursuant to the Companies Act and the bye-laws of the company. The directors of a company may, subject to the bye-laws of the company, exercise all the powers of the company except those powers that are required by the Companies Act or the bye-laws to be exercised by the members of the company.

(g) Accounting and auditing requirements

The Companies Act requires a company to cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Furthermore, it requires that a company keeps its records of account at the registered office of the company or at such other place as the directors think fit and that such records shall at all times be open to inspection by the directors or the resident representative of the company. If the records of account are kept at some place outside Bermuda, there shall be kept at the office of the company in Bermuda such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each three month period, except that where the company is listed on an appointed stock exchange, there shall be kept such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each six month period.

The Companies Act requires that the directors of the company must, at least once a year, lay before the company in general meeting financial statements for the relevant accounting period. Further, the company's auditor must audit the financial statements so as to enable him to report to the members. Based on the results of his audit, which must be made in accordance with generally accepted auditing standards, the auditor must then make a report to the members. The generally accepted auditing standards may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be appointed by the Minister of Finance of Bermuda under the Companies Act; and where the generally accepted auditing standards used are other than those of Bermuda, the report of the auditor shall identify the generally accepted auditing standards used. All members of the company are entitled to receive a copy of every financial statement prepared in accordance with these requirements, at least five (5) days before the general meeting of the company at which the financial statements are to be tabled. A company the shares of which are listed on an appointed stock exchange may send to its members summarized financial statements instead. The summarized financial statements must be derived from the company's financial statements for the relevant period and contain the information set out in the

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Companies Act. The summarized financial statements sent to the company's members must be accompanied by an auditor's report on the summarized financial statements and a notice stating how a member may notify the company of his election to receive financial statements for the relevant period and/or for subsequent periods.

The summarized financial statements together with the auditor's report thereon and the accompanied notice must be sent to the members of the company not less than twenty-one (21) days before the general meeting at which the financial statements are laid. Copies of the financial statements must be sent to a member who elects to receive the same within seven (7) days of receipt by the company of the member's notice of election.

(h) Auditors

At each annual general meeting, a company must appoint an auditor to hold office until the close of the next annual general meeting; however, this requirement may be waived if all of the shareholders and all of the directors, either in writing or at the general meeting, agree that there shall be no auditor.

A person, other than an incumbent auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than twenty-one (21) days before the annual general meeting. The company must send a copy of such notice to the incumbent auditor and give notice thereof to the members not less than seven (7) days before the annual general meeting. An incumbent auditor may, however, by notice in writing to the secretary of the company waive the requirements of the foregoing.

Where an auditor is appointed to replace another auditor, the new auditor must seek from the replaced auditor a written statement as to the circumstances of the latter's replacement. If the replaced auditor does not respond within fifteen (15) days, the new auditor may act in any event. An appointment as auditor of a person who has not requested a written statement from the replaced auditor is voidable by a resolution of the shareholders at a general meeting. An auditor who has resigned, been removed or whose term of office has expired or is about to expire, or who has vacated office is entitled to attend the general meeting of the company at which he is to be removed or his successor is to be appointed; to receive all notices of, and other communications relating to, that meeting which a member is entitled to receive; and to be heard at that meeting on any part of the business of the meeting that relates to his duties as auditor or former auditor.

(i) Exchange control

An exempted company is usually designated as "non-resident" for Bermuda exchange control purposes by the Bermuda Monetary Authority. Where a company is so designated, it is free to deal in currencies of countries outside the Bermuda

exchange control area which are freely convertible into currencies of any other country. The permission of the Bermuda Monetary Authority is required for the issue of shares and securities by the company and the subsequent transfer of such shares and securities. In granting such permission, the Bermuda Monetary Authority accepts no responsibility for the financial soundness of any proposals or for the correctness of any statements made or opinions expressed in any document with regard to such issue. Before the company can issue or transfer any further shares and securities in excess of the amounts already approved, it must obtain the prior consent of the Bermuda Monetary Authority.

The Bermuda Monetary Authority has granted general permission for the issue and transfer of shares and securities to and between persons regarded as resident outside Bermuda for exchange control purposes without specific consent for so long as any equity securities, including shares, are listed on an appointed stock exchange (as defined in the Companies Act). Issues to and transfers involving persons regarded as “resident” for exchange control purposes in Bermuda will be subject to specific exchange control authorisation.

(j) Taxation

Under present Bermuda law, no Bermuda withholding tax on dividends or other distributions, nor any Bermuda tax computed on profits or income or on any capital asset, gain or appreciation will be payable by an exempted company or its operations, nor is there any Bermuda tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by non-residents of Bermuda. Furthermore, a company may apply to the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so applicable until 28th March 2016, although this assurance will not prevent the imposition of any Bermuda tax payable in relation to any land in Bermuda leased or let to the company or to persons ordinarily resident in Bermuda.

(k) Stamp duty

An exempted company is exempt from all stamp duties except on transactions involving “Bermuda property”. This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from Bermuda stamp duty.

(l) Loans to directors

Bermuda law prohibits the making of loans by a company to any of its directors or to their families or companies in which they hold more than a twenty per cent. (20%) interest, without the consent of any member or members holding in aggregate not less than nine-tenths of the total voting rights of all members having the right to vote at any meeting of the members of the company. These prohibitions

do not apply to (a) anything done to provide a director with funds to meet the expenditure incurred or to be incurred by him for the purposes of the company, provided that the company gives its prior approval at a general meeting or, if not, the loan is made on condition that it will be repaid within six months of the next following annual general meeting if the loan is not approved at or before such meeting, (b) in the case of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, anything done by the company in the ordinary course of that business, or (c) any advance of moneys by the company to any officer or auditor under Section 98(2)(c) of the Companies Act which allows the company to advance moneys to an officer or auditor of the company for the costs incurred in defending any civil or criminal proceedings against them, on condition that the officer or auditor shall repay the advance if any allegation of fraud or dishonesty is proved against them. If the approval of the company is not given for a loan, the directors who authorised it will be jointly and severally liable for any loss arising therefrom.

(m) Inspection of corporate records

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda which will include the company's certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the company's memorandum of association. The members of the company have the additional right to inspect the bye-laws of a company, minutes of general meetings and the company's audited financial statements, which must be presented to the annual general meeting. Minutes of general meetings of a company are also open for inspection by directors of the company without charge for not less than two (2) hours during business hours each day. The register of members of a company is open for inspection by members of the public without charge. The company is required to maintain its share register in Bermuda but may, subject to the provisions of the Companies Act, establish a branch register outside Bermuda. Any branch register of members established by the company is subject to the same rights of inspection as the principal register of members of the company in Bermuda. Any person may on payment of a fee prescribed by the Companies Act require a copy of the register of members or any part thereof which must be provided within fourteen (14) days of a request. Bermuda law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.

A company is required to maintain a register of directors and officers at its registered office and such register must be made available for inspection for not less than two (2) hours in each day by members of the public without charge. If summarized financial statements are sent by a company to its members pursuant to section 87A of the Companies Act, a copy of the summarized financial statements must be made available for inspection by the public at the registered office of the company in Bermuda.

(n) Winding up

A company may be wound up by the Bermuda court on application presented by the company itself, its creditors or its contributors. The Bermuda court also has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Bermuda court, just and equitable that such company be wound up.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

Where, on a voluntary winding up, a majority of directors make a statutory declaration of solvency, the winding up will be a members' voluntary winding up. In any case where such declaration has not been made, the winding up will be a creditors' voluntary winding up.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators within the period prescribed by the Companies Act for the purpose of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full, he is obliged to summon a meeting of creditors.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting requires at least one month's notice published in an appointed newspaper in Bermuda.

In the case of a creditors' voluntary winding up of a company, the company must call a meeting of creditors of the company to be summoned on the day following the day on which the meeting of the members at which the resolution for winding up is to be proposed is held. Notice of such meeting of creditors must be sent at the same time as notice is sent to members. In addition, such company must cause a notice to appear in an appointed newspaper on at least two occasions.

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The creditors and the members at their respective meetings may nominate a person to be liquidator for the purposes of winding up the affairs of the company provided that if the creditors nominate a different person, the person nominated by the creditors shall be the liquidator. The creditors at the creditors' meeting may also appoint a committee of inspection consisting of not more than five persons.

If a creditors' winding up continues for more than one year, the liquidator is required to summon a general meeting of the company and a meeting of the creditors at the end of each year to lay before such meetings an account of his acts and dealings and of the conduct of the winding up during the preceding year. As soon as the affairs of the company are fully wound up, the liquidator must make an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors for the purposes of laying the account before such meetings and giving an explanation thereof.

NOTICE OF THE SPECIAL GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that a special general meeting of Solartech International Holdings Limited (the “**Company**”) will be held at Unit 7, 2nd Floor, Kingsford Industrial Centre, 13 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong at 10:00 a.m. on Thursday, 9 July 2009 at for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTION

1. **“THAT** subject to (i) the fulfillment of all the conditions set out in the section headed “Conditions of the Capital Reorganisation” in the circular of the Company dated 15 June 2009 (the “**Circular**”), a copy of which has been produced to the meeting marked “A” and initialled by the Chairman for the purpose of identification, with effect from 9:30 a.m. on Friday, 10 July 2009 Hong Kong time (the “**Effective Date**”):
 - (a) every five (5) issued and unissued shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) share of HK\$0.05 (the “**Consolidated Share**”) in the share capital of the Company (the “**Share Consolidation**”), and any fractional entitlements to the then issued Consolidated Shares resulting from the Share Consolidation shall be aggregated and sold in the form of Consolidated Shares for the benefit of the Company in such manner and on such terms as the directors of the Company (the “**Directors**”) may think fit;
 - (b) subject to and forthwith upon the Share Consolidation taking effect, the issued share capital of the Company be reduced by canceling the paid up capital to the extent of HK\$0.04 on each of the then issued Consolidated Shares on the Effective Date such that the nominal value of all the issued Consolidated Shares will be reduced from HK\$0.05 to HK\$0.01 each (the “**Capital Reduction**”);
 - (c) subject to and forthwith upon the Capital Reduction taking effect, each of the authorized but unissued Consolidated Shares (including those arising from the Capital Reduction) be sub-divided into five (5) shares of HK\$0.01 each (“the “**Subdivision**”);

* For identification purpose only

NOTICE OF THE SPECIAL GENERAL MEETING

- (d) the credit arising from the Capital Reduction be transferred to the contributed surplus account of the Company where it will be utilized by the Directors in accordance with the bye-laws of the Company and all applicable laws of Bermuda, including without limitation, to set-off against the accumulated losses of the Company (the “**Credit Application**”); and
- (e) the Directors be and are hereby authorised to do all things and acts and sign all documents which they consider necessary, desirable, or expedient in connection with the implementation of the Share Consolidation, the Capital Reduction, the Subdivision and the Credit Application.”

ORDINARY RESOLUTIONS

2. A. “**THAT**

- (a) subject to paragraph (c) of this Resolution, the exercise by the board of directors of the Company (“Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each in the capital of the Company (“Shares”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements, and options which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the expiry of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval granted in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (1) a Rights Issue (as hereinafter defined);
 - (2) an issue of shares pursuant to the exercise of the rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into Shares;

NOTICE OF THE SPECIAL GENERAL MEETING

- (3) an issue of shares as scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company;
- (4) an issue of shares by the exercise of options granted under the share option scheme of the Company;

shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution, and the approval granted in paragraph (a) of this Resolution shall be limited accordingly; and

- (d) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors to the shareholders of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

2. B. “THAT

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any exchange on which the securities of the Company may be listed

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and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose (“Recognised Stock Exchange”), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or those of any other Recognised Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of Shares of the Company which the Company is authorised to repurchase pursuant to the approval granted in paragraph (a) of this Resolution shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution, and the approval granted under paragraph (a) of this Resolution shall be limited accordingly; and
- (c) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; or
 - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

2. C. “**THAT** conditional upon the passing of the Resolutions set out in paragraphs A and B of item 2 in the notice convening this meeting, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with Shares or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements, and options which would or might require the exercise of such powers, pursuant to Resolution set out in paragraph A of item 2 above be and is hereby extended by the addition to the aggregate nominal amount of share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate, an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution set out in paragraph B of item 2 above provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution.”

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3. “**THAT** the refreshment of the total number of Shares that may be issued upon exercise of all the options (the “**Share Options**”) to subscribe for Shares and other options to be granted under the share option scheme of the Company adopted on 16 September 2002 or any other share option schemes of the Company or its subsidiaries, as the case may be, (the “**Scheme Mandate Limit**”) be and is hereby approved and confirmed and the Scheme Mandate Limit as “refreshed” shall represent a maximum of 10% of the issued share capital of the Company as at the date of the passing of this resolution, Share Options and other options previously granted under the Share Option Scheme or any other share option schemes of the Company or its subsidiaries, as the case may be (including options outstanding, cancelled, exercised, or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company or its subsidiaries, as the case may be) shall not be counted for the purposes of calculating the Scheme Mandate Limit.”
4. To re-elect Mr. Ho Pang Cheng Vincent as an executive director of the Company and to authorise the board of directors to fix his remuneration.
5. To re-elect Mr. Lam Chi Ming Francis as an executive director of the Company and to authorise the board of directors to fix his remuneration.

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

Hong Kong, 15 June 2009

Head office and Principal place of business in Hong Kong:

No. 7, 2nd Floor
Kingsford Industrial Centre
13 Wang Hoi Road
Kowloon Bay
Kowloon
Hong Kong

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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Notes:

- (1) A Member entitled to attend and vote at the Meeting is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote instead of him. A proxy need not be a Member of the Company. In order to be valid, the form of proxy must be deposited with the head office and principal place of business of the Company in Hong Kong at Unit 7, 2nd Floor, Kingsford Industrial Centre, 13 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong together with any power of attorney or other authority, if any, under which it is signed, or a certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjournment thereof.
- (2) The Directors of the Company as at the date of this notice are Messrs. Chau Lai Him, Zhou Jin Hua, Liu Jin Rong, Ho Pang Cheng Vincent and Lam Chi Ming Francis being the Executive Directors, and Messrs. Chung Kam Kwong, Lo Wai Ming and Lo Chao Ming being the Independent Non-Executive Directors.