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## **SOLARTECH INTERNATIONAL HOLDINGS LIMITED**

**榮盛科技國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1166)**

### **PLACING OF NEW SHARES UNDER A SPECIAL MANDATE**

**Placing Agent**



**KINGSTON SECURITIES LIMITED**

#### **THE PLACING**

On 15 October 2009 (after the trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 400,000,000 Placing Shares to not less than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules) at a price of HK\$0.135 per Placing Share. The maximum number of 400,000,000 Placing Shares to be placed under the Placing Agreement will be issued pursuant to a specific mandate to be obtained at the SGM.

The maximum number of 400,000,000 Placing Shares represents (i) approximately 43.84% of the existing issued share capital of the Company of 912,420,362 Shares in issue as at the date of this announcement; and (ii) approximately 30.48% of the Company's issued share capital of the Company of 1,312,420,362 Shares as enlarged by the Placing.

\* For identification purposes only

The Placing Price of HK\$0.135 represents (i) a discount of approximately 17.18% to the closing price of HK\$0.163 per Share as quoted on the Stock Exchange on the date of this announcement; (ii) a premium of approximately 5.47% over the average closing price of HK\$0.128 per Share in the last five consecutive trading days prior to the date of this announcement; and (iii) a premium of approximately 2.27% over the average closing price per Share of HK\$0.132 in the last ten consecutive trading days prior to the date of this announcement.

The maximum gross proceeds from the Placing will be approximately HK\$54.0 million. The maximum net proceeds of approximately HK\$52.0 million from the Placing are intended to be used for the Possible Acquisition and/or for the general working capital of the Group. The net proceeds raised per Share upon completion of the Placing will be approximately HK\$0.130 per Share.

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **GENERAL**

The SGM will be convened and held for the purposes of considering and, if thought fit, approving the Placing and the specific mandate to issue the Placing Shares. To the best knowledge of the Directors, none of the Shareholders has a material interest in the transactions contemplated under the Placing Agreement as at the date of this announcement. Accordingly, none of the Shareholders will be required to abstain from voting at the SGM in respect of the resolution(s) relating to the Placing and the specific mandate.

A circular containing, among other things, further details of (i) the Placing; and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

## **THE PLACING AGREEMENT**

### **Date**

15 October 2009 (after the trading hours)

### **Issuer**

The Company

### **Placing Agent**

The Placing Agent has conditionally agreed to place up to 400,000,000 Placing Shares, on a best effort basis to the Placees and will receive a placing commission of 2.5% on the gross proceeds of the actual number of Placing Shares being placed. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market rate.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

### **Placees**

The Placing Shares will be placed to not less than six Placees, who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules). None of the individual Placee will become a substantial Shareholder (as defined in the Listing Rules) immediately after completion of the Placing.

### **Number of Placing Shares**

The maximum number of 400,000,000 Placing Shares under the Placing represent (i) approximately 43.84% of the existing issued share capital of the Company of 912,420,362 Shares in issue as at the date of this announcement and (ii) approximately 30.48% of the then issued share capital of 1,312,420,362 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$4,000,000.

### **Ranking of Placing Shares**

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

### **Placing Price**

The Placing Price of HK\$0.135 represents:

- (i) a discount of approximately 17.18% to the closing price of HK\$0.163 per Share as quoted on the Stock Exchange on the date of this announcement;
- (ii) a premium of approximately 5.47% over the average closing price of HK\$0.128 per Share in the last five consecutive trading days prior to the date of this announcement; and
- (iii) a premium of approximately 2.27% over the average closing price of HK\$0.132 per Share in the last ten consecutive trading days prior to the date of this announcement.

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

## **Conditions of the Placing**

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares;
- (ii) the passing of a necessary resolution by the Shareholders of the Company to approve the allotment, issue and dealing with Placing Shares at the SGM; and
- (iii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event.

If any of the above conditions are not fulfilled prior to 10:00 a.m. of the 31 December 2009 or such later time or date as may be agreed between the Placing Agent and the Company, the Placing Agreement shall terminate and subject to terms of the Placing Agreement, neither party shall have any claim against the other for any costs or losses (save for any antecedent breaches of the Placing Agreement).

## **Mandate to issue the Placing Shares**

The Placing Shares to be issued under the Placing Agreement will be issued pursuant to the specific mandate to be obtained at the SGM.

## **Termination and force majeure**

- (i) Unless otherwise agreed among the Parties, the Placing Agent's appointment shall terminate upon the earlier of (a) completion of the Placing and (b) termination of the Placing by the Placing Agent in accordance with the terms and conditions of the Placing Agreement, whereby the Company will be formally notified by the Placing Agent in writing in accordance with the terms of the Placing Agreement.**
- (ii) The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing prior to 10:00 a.m. on the date of completion of the Placing, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below).**

**For this purpose, a "force majeure event" refers to**

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or**

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
  - (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.
- (iii) If, at or prior to 10:00 a.m. on the date of completion of the placing;
- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
  - (b) the trading of the Shares on the Stock Exchange has been suspended for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the Placing Agreement or any announcements or circulars relating to the Placing; or
  - (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

**Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent hereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.**

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

### **Completion of the Placing**

Completion of the Placing will take place within four business days after the fulfillment of the conditions set out in the Placing Agreement but not later than 31 December 2009 or such later date as may be agreed between the Company and the Placing Agent.

**The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

### **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The maximum gross proceeds from the Placing will be approximately HK\$54.0 million. The maximum net proceeds from the Placing will amount to approximately HK\$52.0 million which is intended to be used for the Possible Acquisition and/or for the general working capital of the Group. The net proceeds raised per Share upon the completion of the Placing will be approximately HK\$0.130 per Share.

The Directors have considered different types of fund raising arrangement and consider that the Placing is the most efficient way in terms of cost for the Company. Furthermore, the Company can take this opportunity to broaden the capital base of the Company.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Apart from the fund raising activities mentioned below, the Company has not carried out other fund raising activities during the 12 months immediately preceding the date of this announcement.

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
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 to approximately HK\$60 million for repayment of bank loans, such as trust receipt loan and short term loans
15 June 2009	Top-up placing of 120,000,000 existing Shares and top-up subscription for 120,000,000 new Shares at HK\$0.066 per Share	Approximately HK\$7.65 million for general working capital of the Group	Applied as to approximately HK\$7.65 million for repayment of short term loans
10 July 2009	Top-up placing of 126,730,000 existing Shares and top-up subscription for 126,730,000 new Shares at HK\$0.22 per Share	Approximately HK\$27 million for general working capital of the Group	Approximately HK\$14 million is used for repayment of short term loans and approximately HK\$13 million is deposited at the bank
28 August 2009	Placing of 152,000,000 new Shares at HK\$0.140 per Share	Approximately HK\$ 20.6 million for general working capital of the Group	Approximately HK\$20.6 million is deposited at the bank

## EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing is set out as below:

	As at the date of this announcement		Upon completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Venture Success Holdings Limited ( <i>Note</i> )	134,804,297	14.77	134,804,297	10.27
Public:				
Placeses	–	–	400,000,000	30.48
Other public Shareholders	<u>777,616,065</u>	<u>85.23</u>	<u>777,616,065</u>	<u>59.25</u>
Total	<u>912,420,362</u>	<u>100.00</u>	<u>1,312,420,362</u>	<u>100.00</u>

*Note:* Venture Success Holdings Limited, a company incorporated in the British Virgin Islands, is wholly owned by Mr. Chau Lai Him who is the Chairman and Managing Director of the Company.

## GENERAL

The Company was incorporated in Bermuda with limited liability. 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 terminal and wire harness.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

The SGM will be convened and held for the purposes of considering and, if thought fit, approving the Placing and the specific mandate to issue the Placing Shares. To the best knowledge of the Directors, none of the Shareholders has a material interest in the transactions contemplated under the Placing Agreement as at the date of this announcement. Accordingly, none of the Shareholders will be required to abstain from voting at the SGM in respect of the resolution(s) relating to the Placing and the specific mandate.

A circular containing, among other things, further details of (i) the Placing; and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

**Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**



## TERMS AND DEFINITIONS

“associates”	Has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Solartech International Holdings Limited, a company incorporated in Bermuda with limited liability and the securities of which are listed on the Stock Exchange
“connected person(s)”	the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the board of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of a maximum of 400,000,000 new Shares pursuant to the terms of the Placing Agreement
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 15 October 2009 in relation to the Placing
“Placing Price”	HK\$0.135 per Placing Share
“Placing Share(s)”	A maximum of 400,000,000 new Shares to be placed pursuant to the Placing Agreement
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Possible Acquisition”	the possible acquisition of a gold-copper mine in Mongolia, details of which were disclosed in the announcement of the Company dated 14 October 2009
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry out business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“PRC”	the People’s Republic of China

“SGM”	the special general meeting of the Company to be convened and held for Shareholders to consider and, if thought fit, approve, the placing and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 15 October 2009

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