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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Solartech International Holdings Limited (the “Company”), you should at once hand this circular and accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sales or transfer was effected for transmission to the purchaser or the transferee.

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SOLARTECH INTERNATIONAL HOLDINGS LIMITED

蒙古礦業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1166)

**(A) PROPOSED CAPITAL REORGANISATION;
(B) PROPOSED CHANGE OF BOARD LOT SIZE;
(C) PROPOSED OPEN OFFER OF 944,926,950 OFFER SHARES ON
THE BASIS OF FIVE (5) OFFER SHARES FOR EVERY ONE (1)
ADJUSTED SHARE HELD ON THE RECORD DATE; AND
(D) NOTICE OF SPECIAL GENERAL MEETING**

Financial Adviser to the Company



KINGSTON CORPORATE FINANCE LTD.

Underwriter to the Open Offer



KINGSTON SECURITIES LTD.

Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders

Nuada Limited

Corporate Finance Advisory

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 8 to 31 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 32 to 33 of this circular. A letter from Nuada Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice in respect of the Open Offer is set out on pages 34 to 50 of this circular.

A notice convening the SGM to be held at No. 7, 2nd Floor, Kingsford Industrial Centre, 13 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong on Wednesday, 1 April 2015 at 10:00 a.m. is set out on pages 71 to 74 of this circular. A proxy form for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as practicable but in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the proxy shall be deemed to be revoked.

Shareholders and potential investors should note that the Open Offer is subject to the satisfaction of certain conditions as described under the section headed “Conditions of the Open Offer” in this circular. In particular, it is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares or Adjusted Shares up to the date when the conditions of the Open Offer are fulfilled, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that, based on the expected timetable of the Capital Reorganisation and Open Offer, the Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 8 April 2015 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Wednesday, 6 May 2015), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

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EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Capital Reorganisation and the Open Offer and the associated trading arrangements:

2015

Latest time for lodging transfer of Shares in order to be entitled to
vote at the SGM 4:30 p.m. on
Friday, 27 March

Register of members of the Company closes to determine
the eligibility to vote at the SGM Monday, 30 March
to
Wednesday, 1 April
(both days inclusive)

Latest time for lodging forms of proxy for the SGM 10:00 a.m. on
Monday, 30 March

Record date for attendance and voting at the SGM Wednesday, 1 April

Date and time of the SGM 10:00 a.m. on
Wednesday, 1 April

Announcement of results of the SGM Wednesday, 1 April

Register of members re-opens Thursday, 2 April

**The following events are conditional on the fulfillment of the conditions for the
implementation of the Capital Reorganisation.**

Effective date of the Capital Reorganisation Thursday, 2 April

First day of free exchange of existing share certificates for
new share certificates Thursday, 2 April

Dealing in Adjusted Shares commences 9:00 a.m. on
Thursday, 2 April

Original counter for trading in Existing Shares in board lots of
5,000 Shares (in the form of existing share certificates)
temporarily closes 9:00 a.m. on
Thursday, 2 April

Temporary counter for trading in the Adjusted Shares
in board lots of 500 Adjusted Shares (in the form of existing share
certificates) opens 9:00 a.m. on
Thursday, 2 April

EXPECTED TIMETABLE

Last day of dealings in Adjusted Shares on a cum-entitlement basis in respect of the Open Offer	Thursday, 2 April
First day of dealings in Adjusted Shares on an ex-entitlement basis in respect of the Open Offer	Wednesday, 8 April
Latest time for lodging transfer of Adjusted Shares in order to be qualified for the Open Offer	4:30 p.m. on Thursday, 9 April
Register of members of the Company closes to determine the entitlements under the Open Offer	Friday, 10 April to Wednesday, 15 April (both dates inclusive)
Record Date for the Open Offer	Wednesday, 15 April
Register of members of the Company re-opens	Thursday, 16 April
Despatch of the Prospectus Documents (in case of the Non-Qualifying Shareholders, the Prospectus only)	Thursday, 16 April
Original counter for trading in Adjusted Shares in board lots of 20,000 Adjusted Shares (in the form of new share certificates) reopens	9:00 a.m. on Tuesday, 21 April
Parallel trading in Adjusted Shares (in the form of new and existing share certificates) commences	9:00 a.m. on Tuesday, 21 April
Designated broker starts to stand in the market to provide matching services for odd lots of Adjusted Shares	Tuesday, 21 April
First day of operation of odd lot trading facility	Tuesday, 21 April
Latest time for acceptance of and payment for the Offer Shares	4:00 p.m. on Thursday, 30 April
Latest time for the Open Offer to become unconditional	4:00 p.m. on Wednesday, 6 May
Announcement of the results of the Open Offer	Thursday, 7 May
Despatch of share certificates and refund cheques for Offer Shares	Friday, 8 May
Dealings in Offer Shares commence	9:00 a.m. on Monday, 11 May

EXPECTED TIMETABLE

Temporary counter for trading the Adjusted Shares
in board lots of 500 Adjusted Shares (in the form of
existing share certificates) closes 4:00 p.m. on
Tuesday, 12 May

Parallel trading in Adjusted Shares (in the form of new and
existing share certificates) ends 4:00 p.m. on
Tuesday, 12 May

Last day of operation of odd lot trading facility Tuesday, 12 May

Latest time for free exchange of share certificates 4:00 p.m. on Thursday, 14 May

All times stated in this circular refer to Hong Kong times. Dates stated in this circular for events in the timetable are indicative only and may be extended or varied. If the Latest Time for Acceptance does not take place on Thursday, 30 April 2015 (“**Last Acceptance Date**”), the above dates may be affected. The Company will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

The latest time for acceptance of and payment for Offer Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a ‘black’ rainstorm warning

- i. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Last Acceptance Date. Instead the latest time for acceptance of and payment for the Offer Shares will be extended to 5:00 p.m. on the same business day;
- ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Last Acceptance Date. Instead the latest time of acceptance of and payment for the Offer Shares will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Offer Shares does not take place on Last Acceptance Date, the dates mentioned in the “Expected timetable of the Capital Reorganisation and Open Offer” section may be affected. The Company will notify the Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

DEFINITIONS

Unless the context requires otherwise, capitalized terms in this circular shall have the following meanings:

“Adjusted Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Announcement”	the announcement of the Company dated 6 February 2015 in relation to, among other matters, the Capital Reorganisation, proposed change of board lot size and the Open Offer
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Bye-Laws”	the bye-laws of the Company from time to time
“Capital Reduction”	the reduction in the issued share capital of the Company by the cancellation of (i) the paid-up capital of the Company to the extent of HK\$0.09 on each Consolidated Share such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01 and (ii) any fractional Consolidated Share in the issued capital of the Company arising from the Share Consolidation
“Capital Reorganisation”	the Share Consolidation, the Capital Reduction, the Share Sub-division and the credit to contributed surplus account, details of which are set out in the section entitled “Proposed Capital Reorganisation” in this circular
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)

DEFINITIONS

“Company”	Solartech International Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock code: 1166)
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company immediately after the Share Consolidation becoming effective but before the Capital Reduction becoming effective
“Director(s)”	director(s) of the Company for the time being
“Existing Share(s)”	existing Shares of HK\$0.01 each in the share capital of the Company immediately before the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board comprising all three independent non-executive Directors, established for the purpose of advising and giving recommendation to the Independent Shareholders on the terms of the Open Offer
“Independent Financial Adviser”	Nuada Limited, a corporation licensed to conduct type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholder(s)”	Shareholders other than those who are required to abstain from voting at the SGM under the Listing Rules and other applicable laws and regulations

DEFINITIONS

“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons within the meanings of the Listing Rules
“Last Trading Day”	6 February 2015, being the last trading day for the Shares before the date of publication of the Announcement
“Latest Lodging Date”	4:30 p.m. on Thursday, 9 April 2015 or such other date and/or time as the Company and the Underwriter may agree as the latest time for lodging transfer of Shares in order to qualify for the Open Offer
“Latest Practicable Date”	6 March 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 30 April 2015 (or such later time or date as may be agreed between the Underwriter and the Company in writing as the latest time for acceptance of, and payment for, the Offer Shares)
“Latest Time for Termination”	4:00 p.m. on Wednesday, 6 May 2015 (or such later time or date as may be agreed between the Underwriter and the Company in writing as the latest time to terminate the Underwriting Agreement)
“Listing Committee”	has the meaning ascribed to this term under the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholders”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them
“Offer Price”	the issue price of HK\$0.20 per Offer Share at which the Offer Share are proposed to be offered for subscription under the Open Offer

DEFINITIONS

“Offer Share(s)”	944,926,950 Adjusted Shares proposed to be offered to the Qualifying Shareholders under the Open Offer for subscription on the basis of five (5) Offer Shares for every one (1) Adjusted Share held on the Record Date and payable in full on acceptance pursuant to the terms and subject to the conditions set out in the Underwriting Agreement and to be set out in the Prospectus
“Open Offer”	the proposed offer for subscription by the Qualifying Shareholders for the Offer Shares at the Offer Price on the terms and subject to the conditions set out in the Underwriting Agreement and to be set out in the Prospectus
“Overseas Shareholders”	the Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PRC”	the People’s Republic of China which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the application form in respect of the Offer Shares to be issued by the Company in relation to the Open Offer
“Prospectus Posting Date”	Thursday, 16 April 2015 (or such later date as may be agreed between the Underwriter and the Company in writing as to the date of despatch of the Prospectus Documents to Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be))
“Qualifying Shareholders”	the Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company on the Record Date
“Record Date”	Wednesday, 15 April 2015 or such other date as may be agreed between the Company and the Underwriter for the determination of the entitlements under the Open Offer
“Registrar”	Tricor Secretaries Limited, the branch share registrar and transfer office of the Company in Hong Kong

DEFINITIONS

“Settlement Date”	Thursday, 7 May 2015, being the forth Business Day following (but excluding) the Latest Time of Acceptance or such later date as the Company and the Underwriter may agree
“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 approve, among other things, the Capital Reorganisation, the Open Offer and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Capital Reorganisation or Adjusted Share(s) of HK\$0.01 each, as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) Existing Shares in issue into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of the Share(s)
“Share Sub-division”	the sub-division of every one (1) authorised but unissued Consolidated Share of HK\$0.10 each into ten (10) Adjusted Shares of HK\$0.01 each
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before such date would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriter”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the SFO
“Underwriting Agreement”	the underwriting agreement dated 6 February 2015 and entered into between the Company and the Underwriter in relation to the Open Offers
“%”	per cent.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination if:

- (i) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; 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 thereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriter, a material omission in the context of the Open Offer; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement, this circular or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to 4:00 p.m. on the Settlement Date:

- (i) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (ii) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to 4:00 p.m. on the Settlement Date.

LETTER FROM THE BOARD



SOLARTECH INTERNATIONAL HOLDINGS LIMITED

蒙古礦業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1166)

Executive Directors:

CHAU Lai Him (Chairman and Managing Director)

ZHOU Jin Hua (Deputy Chairman)

LIU Dong Yang

BUYAN-OTGON Narmandakh

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Independent non-executive Directors:

CHUNG Kam Kwong

LO Wai Ming

LO Chao Ming

*Head office and principal
place of business:*

No. 7, 2nd Floor

Kingsford Industrial Centre

13 Wang Hoi Road

Kowloon Bay

Kowloon

Hong Kong

9 March 2015

*To the Qualifying Shareholders and, for information only,
the Non-Qualifying Shareholders*

Dear Sir or Madam,

**(A) PROPOSED CAPITAL REORGANISATION;
(B) PROPOSED CHANGE OF BOARD LOT SIZE;
(C) PROPOSED OPEN OFFER OF 944,926,950 OFFER SHARES ON
THE BASIS OF FIVE (5) OFFER SHARES FOR EVERY ONE (1)
ADJUSTED SHARE HELD ON THE RECORD DATE; AND
(D) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, (i) the Capital Reorganisation; (ii) the proposed change in board lot size; and (iii) the Open Offer.

* For identification purposes only

LETTER FROM THE BOARD

The Company proposes to implement the Capital Reorganisation which involves, the Share Consolidation, the Capital Reduction and the Share Sub-division, details of which are set out as follows:

- a. **Share Consolidation:** The Board proposed to effect the Share Consolidation pursuant to which every ten (10) existing issued and unissued Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.10 each;
- b. **Capital Reduction:** Immediately after the Share Consolidation, the Board proposed to effect the Capital Reduction pursuant to which the existing issued share capital of the Company will be reduced by a cancellation of (i) the paid-up capital of the Company to the extent of HK\$0.09 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01 and (ii) any fractional Consolidated Share in the issued capital of the Company arising from the Share Consolidation;
- c. **Share Sub-division:** Immediately following the Share Consolidation and the Capital Reduction, each of the authorised but unissued Consolidated Shares of HK\$0.10 each will be sub-divided into ten (10) Adjusted Shares of HK\$0.01 each; and
- d. **Credit to contributed surplus account:** The credit arising from the Capital Reduction of approximately HK\$17,008,685.10 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 to set off against the accumulated losses of the Company.

In light of the Capital Reorganisation, the Company also proposes to change the board lot size for trading in the Shares from 5,000 Shares to 20,000 Adjusted Shares subject to the Capital Reorganisation becoming effective.

In addition, the Company proposes to raise approximately HK\$189 million, before expenses, by way of Open Offer of 944,926,950 Offer Shares at the Offer Price of HK\$0.20 per Offer Share on the basis of five (5) Offer Shares for every one (1) Adjusted Share held on the Record Date.

The Open Offer will be fully underwritten by the Underwriter, on the terms and subject to the conditions of the Underwriting Agreement, details of which are set out in the section headed "Underwriting Agreement" in this circular.

The purpose of this circular is to provide you with, among other things, (i) further details of the Capital Reorganisation, the proposed change in board lot size and the Open Offer; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Open Offer; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer; and (iv) a notice convening the SGM.

LETTER FROM THE BOARD

(A) PROPOSED CAPITAL REORGANISATION

The Board proposes that the Company implements the Capital Reorganisation which involves, among other things, the Share Consolidation, the Capital Reduction and the Share Sub-division. Details of which are set out as follows:

- a. **Share Consolidation:** The Board proposed to effect the Share Consolidation pursuant to which every ten (10) existing issued and unissued Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.10 each;
- b. **Capital Reduction:** Immediately after the Share Consolidation, the Board proposed to effect the Capital Reduction pursuant to which the existing issued share capital of the Company will be reduced by a cancellation of (i) the paid-up capital of the Company to the extent of HK\$0.09 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01 and (ii) any fractional Consolidated Share in the issued capital of the Company arising from the Share Consolidation;
- c. **Share Sub-division:** Immediately following the Share Consolidation and the Capital Reduction, each of the authorised but unissued Consolidated Shares of HK\$0.10 each will be sub-divided into ten (10) Adjusted Shares of HK\$0.01 each; and
- d. **Credit to contributed surplus account:** The credit arising from the Capital Reduction of approximately HK\$17,008,685.10 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 to set off against the accumulated losses of the Company.

As of the Latest Practicable Date, the authorised share capital of the Company is HK\$500,000,000 comprising 50,000,000,000 Shares with a par value of HK\$0.01 each, of which 1,889,853,900 Shares have been issued and fully paid.

Immediately following the Capital Reorganisation, the authorised share capital of the Company will remain as HK\$500,000,000 divided into 50,000,000,000 Adjusted Shares with a par value of HK\$0.01 each, of which 188,985,390 Adjusted Shares will be in issue and the aggregate nominal value of the issued share capital of the Company will be approximately HK\$1,889,853.90 (assuming no new Shares are issued from the Latest Practicable Date until the effective date of the Capital Reorganisation). All Adjusted Shares will rank *pari passu* in all respects with each other.

As at 30 June 2014, the amount standing to the credit of the contributed surplus account of the Company was approximately HK\$763,907,000. Assuming no new Shares are issued from the Latest Practicable Date until the effective date of the Capital Reorganisation, a total credit of approximately HK\$17,008,685.10 will arise as a result of

LETTER FROM THE BOARD

the Capital Reduction. Such amount will be credited to the contributed surplus account of the Company upon the Capital Reorganisation becoming effective. The Board intends that such amount will be used by the Company to set off against accumulated losses of the Company, which was approximately HK\$725,961,000 as at 30 June 2014.

Conditions of the Capital Reorganisation

The Capital Reorganisation 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; and
- (iii) the compliance with the relevant procedures and requirements under the laws of Bermuda and the Listing Rules to give effect to 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 the relevant resolution approving the Capital Reorganisation at the SGM.

Effects of the Capital Reorganisation

As at the Latest Practicable Date, the Company has no outstanding options, warrants or other securities convertible into or giving rights to subscribe for Shares or Adjusted Shares, as the case may be.

Based on the Company's existing authorised share capital of HK\$500,000,000, represented by 50,000,000,000 Shares and the existing issued share capital of HK\$18,898,539.00 represented by 1,889,853,900 Shares, upon completion of the Capital Reorganisation, the authorised share capital of the Company will remain at HK\$500,000,000, represented by 50,000,000,000 Adjusted Shares, and the issued share capital will be HK\$1,889,853.90 represented by 188,985,390 Adjusted Shares.

Fractional Entitlement to the Adjusted Shares

Any fraction of Adjusted Shares arising from the Capital Reorganisation will not be allocated to the Shareholders otherwise entitled there to and will be aggregated and sold (if a premium, net of expenses, can be obtained) for the benefit of the Company. The Adjusted Share will rank pari passu in all respects with each other.

LETTER FROM THE BOARD

The effect of the Capital Reorganisation is summarized below:

	Prior to the Capital Reorganisation	After Share Consolidation but immediately before the Capital Reduction (Note)	Immediately following the Capital Reorganisation becoming effective (Note)
Authorised share capital	HK\$500,000,000	HK\$500,000,000	HK\$500,000,000
Nominal value of each Share/ Adjusted Share in issue	HK\$0.01	HK\$0.10	HK\$0.01
Number of Authorized share capital	50,000,000,000	5,000,000,000	50,000,000,000
Number of Shares/Adjusted Shares in issue	1,889,853,900	188,985,390	188,985,390
Issued and fully paid-up share capital	HK\$18,898,539.00	HK\$18,898,539.00	HK\$1,889,853.90

Note: The issued share capital (i) after Share Consolidation but immediately before the Capital Reduction and (ii) 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. Any fraction arising from the Share Consolidation is not shown in the table.

Implementation of the Capital Reorganisation will not, by 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.

Reasons for the Capital Reorganisation

The Board is of the opinion that (i) the Capital Reorganisation will provide the Company with greater flexibility for equity fund raising in the future; (ii) the credit in the contributed surplus account arising as a result of the Capital Reorganisation will enable the Company to apply 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; and (iii) the Capital Reorganisation can reduce the transaction costs for dealing in the Shares, including charges by reference to the number of share certificates issued. Accordingly, the Board believes that the Capital Reorganisation is in the interest of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

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 and compliance with the stock admission requirements of HKSCC, 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Adjusted Shares which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

Arrangement on Odd Lot Trading and Free Exchange of Share Certificates

In order to alleviate the difficulties arising from the existence of odd lots of Adjusted Shares arising from the Capital Reorganisation, the Company has appointed Kingston Securities Limited as an agent to provide matching services for the sale and purchase of odd lots of the Adjusted Shares on a best effort basis during the period from 9:00 a.m. on Tuesday, 21 April 2015 to 4:00 p.m. on Tuesday, 12 May 2015 (both dates inclusive). Holders of odd lots of the Adjusted Shares who wish to take advantage of this facility either to dispose of their odd lots of the Adjusted Shares or to top up to board lot of 20,000 Adjusted Shares may contact Ms. Rosita Kiu of Kingston Securities Limited at Suite 2801, 28/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong at telephone number (852) 2298 6215 during this period. Shareholders should note that the above matching service is on a best effort basis only and successful matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed.

Subject to the Capital Reorganisation becoming effective, Shareholders may submit existing certificates for Existing Shares to the Registrar from 2 April 2015 to 14 May 2015 (both dates inclusive) to exchange, at the expense of the Company, for certificates for the Adjusted Shares. Thereafter, certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each share certificate of the Existing Shares cancelled or each new share certificate issued for the Adjusted Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, certificates for the Existing Shares will continue to be good evidence of legal title and will be valid for dealings, trading and settlement purpose after the Capital Reorganisation has become effective and may be exchanged for certificates for the Adjusted Shares at any time in accordance with the foregoing.

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The new share certificates for the Adjusted Shares will be in purple colour in order to distinguish them from the existing share certificates for the Shares which are in orange colour.

(B) CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the Shares are currently traded on the Stock Exchange in board lot size of 5,000 Shares.

In light of the Capital Reorganisation, the Company also proposes to change the board lot size for trading in the Shares from 5,000 Shares to 20,000 Adjusted Shares subject to the Capital Reorganisation becoming effective. Based on the closing price of HK\$0.066 per Existing Share on 6 February 2015, being the Last Trading Day, the value of each board lot of the Adjusted Shares, assuming the Capital Reorganisation and the change of board lot size had already become effective, would be HK\$13,200.

The change of board lot size upon the Capital Reorganisation becoming effective will not result in any change in the relative rights of the Shareholders or any odd board lots other than those which already exist.

The Board is of the view that the change of board lot size will improve the liquidity in trading of the Adjusted Shares, thereby enabling the Company to attract more investors and broaden its Shareholders' base eventually. The Board also considers that the proposed change of board lot size will result in Adjusted Shares being in a more reasonable board lot size and value. Hence, the Board believes that the implementation of the Capital Reorganisation and the change of board lot size are in the interests of the Company and its Shareholders as a whole.

(C) PROPOSED OPEN OFFER

The Company proposed to raise approximately HK\$189 million, before expenses, by way of Open Offer of 944,926,950 Offer Shares at the Offer Price of HK\$0.20 per Offer Share on the basis of five (5) Offer Shares for every one (1) Adjusted Share held on the Record Date. The details are set out as follows:

Issue Statistics

Basis of the Open Offer:	Five (5) Offer Shares for every one (1) Adjusted Share held on the Record Date
Offer Price:	HK\$0.20
Number of Shares in issue as at the Latest Practicable Date:	1,889,853,900
Number of Adjusted Shares expected to be in issue immediately after the Capital Reorganisation becoming effective:	188,985,390

LETTER FROM THE BOARD

Number of Offer Shares:	944,926,950
Number of Offer Shares underwritten by the Underwriter:	944,926,950
Number of Shares in issue upon completion of the Open Offer:	1,133,912,340

As at the Latest Practicable Date, the Company does not have any outstanding convertible note, warrant, option, derivative or other securities convertible into or exchangeable for any Share. The Company has no intention to issue or grant any warrants, options and/or convertible securities on or before the Record Date.

Based on the above, a total of 944,926,950 Offer Shares will be issued upon the completion of the Open Offer, which represents 500% of the Company's issued share capital as at the Latest Practicable Date and approximately 83.33% of the Company's issued share capital as enlarged by the issue of the Offer Shares.

Offer Price

The Offer Price is HK\$0.20 per Offer Share, payable in full upon application. The Offer Price represents:

- (i) a discount of approximately 69.70% to the closing price of HK\$0.66 per Adjusted Share as quoted on Stock Exchange on the Last Trading Day, assuming that the Capital Reorganisation having become effective;
- (ii) a discount of approximately 69.70% to the average of the closing prices of approximately HK\$0.66 per Adjusted Share for the last five consecutive trading days including and up to the Last Trading Day, assuming that the Capital Reorganisation having become effective;
- (iii) a discount of approximately 27.8% to the theoretical ex-entitlement price of approximately HK\$0.277 per Adjusted Share after the Open Offer, based on the closing price of HK\$0.66 per Adjusted Share as quoted on the Stock Exchange on the Last Trading Day and having adjusted for the Capital Reorganisation;
- (iv) a discount of approximately 97.7% to the consolidated net assets value per Share of approximately HK\$8.84 as at 30 June 2014 based on the consolidated net assets attributable to owners of the Company as at 30 June 2014 of HK\$1,671,278,000 and the number of Adjusted Shares expected to be in issue immediately after the Capital Reorganisation becoming effective; and
- (v) a discount of approximately 66.67% to the closing price of HK\$0.60 per Adjusted Share based on the closing price of HK\$0.06 per Existing Share as quoted on Stock Exchange on the Latest Practicable Date, assuming that the Capital Reorganisation having become effective.

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The Offer Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among other things, (i) the market price of the Shares was on a declining trend in the past six months; (ii) the current financial position of the Group; (iii) the discount of offer price per offer share for the open offer conducted by the Group in April 2014; and (iv) the future business development of the Group as detailed under the section headed "Reasons for the Open Offer and use of proceeds" in this circular. Taking into consideration of the theoretical ex-entitlement price per Share and to reflect the absence of the excess application arrangement to Qualifying Shareholders, the Offer Price is set at a relatively deep discount with an objective to lower the further investment cost of Shareholders to encourage them to take up their entitlements and to participate in the potential growth of the Company. In order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors (including the independent non-executive Directors who express their view on the Open Offer after taking into account the advice of the Independent Financial Adviser) consider that the proposed discount of the Offer Price to the market price is appropriate. Given that each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company and the Open Offer is subject to the approval by the Independent Shareholders, the Directors (including the independent non-executive Directors who express their view on the Open Offer after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Open Offer and the Offer Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As the estimated net proceeds from the Open Offer will be approximately HK\$182 million, assuming no further issue of new Shares on or before the Record Date, the net price per Offer Share will be approximately HK\$0.193.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders. To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date:

- (i) be registered on the register of members of the Company; and
- (ii) not be the Non-Qualifying Shareholders.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:30 p.m. on Thursday, 9 April 2015. The address of the Registrar is at Tricor Secretaries Ltd., Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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Rights of the Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong. As at the Latest Practicable Date, there are three Overseas Shareholders who reside in Canada, the PRC and the Republic of Singapore respectively.

The Board will make enquiries to its legal advisers as to whether the issue of Offer Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant jurisdictions or the requirements of the relevant regulatory body or stock exchange pursuant to the Listing Rules. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient to not to extend the Open Offer to such Overseas Shareholders, no provisional allotment of Offer Shares will be made to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Non-Qualifying Shareholders. Further information in this connection will be set out in the Prospectus.

The Company will send the Prospectus, for information only, to the Non-Qualifying Shareholders.

Closure of register of members

The register of members of the Company will be closed from Monday, 30 March 2015 to Wednesday, 1 April 2015, both dates inclusive, to determine the eligibility of the Shareholders to vote at the SGM.

The register of members of the Company will be closed from Friday, 10 April 2015 to Wednesday, 15 April 2015, both dates inclusive, to determine the eligibility of the Open Offer. No transfer of Shares will be registered during these periods.

Status of the Offer Shares

The Offer Shares (when allotted, fully paid and issued) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Fractions of Offer Shares

Fractional entitlements to the Offer Shares, if any, will not be issued but will be aggregated and sold in the open market, if a premium, net of expenses can be obtained and the net proceeds, after deduction of related expenses arising from such sale, will be retained for the benefit of the Company. The Company will not allot any fractions of the offer Shares.

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Certificates of the Offer Shares and refund cheques

Subject to fulfillment of the conditions of the Open Offer, certificates for the fully-paid Offer Shares are expected to be despatched on or before Friday, 8 May 2015 to those entitled thereto by ordinary post at their own risk. If the Open Offer is terminated, refund cheques are expected to be despatched on or before Friday, 8 May 2015 by ordinary post at the respective Shareholders' own risk.

No application for excess Offer Shares

The Board has decided that the Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their respective assured entitlements. Given that (i) each Qualifying Shareholder will be given an equal and fair opportunity to participate in the Open Offer and maintain their respective interests in the Company by accepting the Offer Shares under the Open Offer; (ii) additional effort and cost (estimated to be HK\$200,000 to HK\$500,000) will be needed to administer the excess application procedures; and (iii) the Open Offer will be subject to the approval by the Independent Shareholders at the SGM for the Open Offer to proceed, the Board considers that the arrangement for excess application is therefore not cost effective. As disclosed in the section headed "Reasons for the Open Offer and use of proceeds" below, the estimated net proceeds for the Open Offer has been earmarked for specific uses with concrete plans and approximately HK\$42 million of the net proceeds from the Open Offer are intended to be used as the working capital of the Group. With the estimated usage of the general working capital of the Group of approximately HK\$5 million per month, such part of the net proceeds can only fulfill the needs of the Group for about 8 months and therefore, the Board considers that it is important for the Group to minimise all costs which may be incurred during the fund raising. Notwithstanding excess application arrangement will not be made available to Qualifying Shareholders, the Board considers that with a deeper discount to the Offer Price offered to Qualifying Shareholders would encourage them to participate the Open Offer and to participate in the potential growth of the Company. In light of the above, the Board considers that the Open Offer in the absence of excess application arrangement is in the interests of the Shareholders. Any Offer Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to subscribe or procure subscription for the Offer Shares which have not been taken up by the Qualifying Shareholders.

Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The trading board lot size of the Offer Shares is 20,000 Shares.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange. Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the

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Offer 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 Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any settlement day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Offer Shares to be admitted into CCASS.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date:	6 February 2015 (after trading hours)
Underwriter:	Kingston Securities Limited
Total number of Offer Shares:	944,926,950 Offer Shares
Total number of Offer Shares underwritten by the Underwriter:	all the Offer Shares, being 944,926,950 Offer Shares
Underwriting commission:	2.5%

The Open Offer is fully underwritten by the Underwriter. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its associates are Independent Third Parties. As at the Latest Practicable Date, the Underwriter is interested in 21 Shares.

The Board has not approached any other underwriters to consider underwriting the Open Offer for the following reasons:

- (a) the Company has a long business relationship with the Underwriter and believes the Underwriter is a reputable securities firm and is willing to engage with the Company and has a track record of completing market deals successfully with the Company;
- (b) there is only a limited number of underwriters who is willing to work with companies of small capitalisation; and
- (c) the Company does not intend to approach multiple underwriters that has no prior business relationship with the aim of keeping inside information confidential before publication of an announcement and not putting any person in a privileged dealing position as the Open Offer is a highly material and price sensitive information.

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The Company will pay the Underwriter an underwriting commission of 2.5% of the aggregate Offer Price in respect of the maximum number of Offer Shares underwritten by the Underwriter. The Company will also pay the Underwriter all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Open Offer. The Directors (including the independent non-executive Directors who express their view on the Open Offer after taking into account the advice of the independent financial adviser) are of the view that the commission rate is fair and reasonable.

Pursuant to the Underwriting Agreement, the Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to hold 10% or more of the voting rights of the Company upon the completion of the Open Offer. The Underwriter shall also use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it (i) shall be an Independent Third Party and not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors or chief executive of the Company or substantial shareholder(s) of the Company or their respective associates (as defined in the Listing Rules); and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of the voting rights of the Company upon completion of the Open Offer.

The Company will take all reasonable steps to ensure that sufficient public float be maintained upon the completion of the Open Offer in compliance with Rule 8.08(1)(a) of the Listing Rules.

Undertaking

As at the Latest Practicable Date, the Company has not received any information or undertaking provided by any substantial Shareholders of their intention to take up the Offer Shares to be offered to them.

Conditions of the Open Offer

The Open Offer is conditional upon:

- (i) the passing of necessary resolution(s) at the SGM to approve the Capital Reorganisation by the Shareholders and the Open Offer by the Independent Shareholders;
- (ii) the Capital Reorganisation becoming effective;
- (iii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provision) Ordinance not later than the Prospectus Posting Date;

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- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (v) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (vi) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms; and
- (vii) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement and the representations and warranties given by the Company under the Underwriting Agreement remaining true, correct and not misleading in all material respects.

The Conditions Precedent, save and except item (vii) above which can only be waived by the Underwriter, are incapable of being waived. If the Conditions Precedent are not satisfied and/or waived (as the case may be) in whole or in part by the Company or by the Underwriter by the Latest Time for Termination (or such other time and date as stipulated in the Underwriting Agreement) or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

As at the Latest Practicable Date, none of the above conditions relevant has been fulfilled.

Termination of the Underwriting Agreement

The Underwriter shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination if:

- (i) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

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- (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 thereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriter, a material omission in the context of the Open Offer; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement, this circular or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

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the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to 4:00 p.m. on the Settlement Date:

- (i) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (ii) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to 4:00 p.m. on the Settlement Date.

BUSINESS REVIEW, FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in the manufacturing and trading of cables and wires for use in household electrical appliances and electronic products, copper products and mining business.

As disclosed in the annual report (the “**Annual Report 2014**”) of the Company for the year ended 30 June 2014, the total turnover of Group was approximately HK\$804,284,000, representing an increase of 33.7% as compared to approximately HK\$601,611,000 recorded for the year ended 30 June 2013. During the year ended 30 June 2014, the loss attributable to owners of the Company was approximately HK\$37,709,000, as compared to the loss attributable to owners of the Company of approximately HK\$415,071,000 for the year ended 30 June 2013.

As stated in the Annual Report 2014, the Group will continue to implement its operation plans according to market demand, apart from the Mainland Chinese customers, the Group will be more proactive to foster close cooperation with principal and major customers from Europe and Americas, in order to maintain the Group’s leading positions in the cables and wires and copper rod business markets.

The Group’s Santai Industrial Zone located at Changping Town, Dongguan City has been held for leasing purpose, generating steady rental income for the Group. Also, two existing factories owned by the Group in Changping Town, Dongguan City, which were engaged in the manufacturing of cables and wires and copper products and are located at only 5 to 10 minutes by car from each other, were under renovation. To promote the Group’s future developments, the Group has placed these two manufacturing facilities in the same location and intends to renovate the other factory property for leasing purpose. In the opinion of the Board, the renovation of two existing factories would increase the return of the Group’s land resources, enhance the potential value of the Group’s factory space and increase the production efficiency of the Group.

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As disclosed in the interim results announcement of the Company for the six months ended 31 December 2014, the new trading business of metallurgical grade bauxite has provided satisfactory performance and the turnover was approximately HK\$75,789,000, which accounted for approximately 18.4% of the Group's total turnover. The Directors are optimistic and full of confidence towards the new trading business of metallurgical grade bauxite of 河南盛祥實業有限公司 (Henan Shengxiang Industry Co., Ltd.*) ("**Henan Shengxiang**"). During the operation of the new business, the Group has gradually built up network in the trading market and also identified a number of potential new customers. The Group is of the view that sufficient capital is required for the Company to procure additional and/or larger orders and to procure more customers. Therefore, the Group is contemplating to establish a new wholly-owned subsidiary or make an additional investment of approximately HK\$50,000,000 to Dongguan Hua Yi Brass Products Co., Ltd ("**Dongguan Hua Yi**"), which is an indirect wholly-owned subsidiary of the Company and holder of 51% of the registered capital of Henan Shengxiang, to expand the trading volume for such new business. The Directors believe that by having an enlarged capital base, the Company will be able to procure additional and/or larger orders and to seize any potential opportunities to further develop the trading business of metallurgical grade bauxite in a more timely manner. If the trading volume of the metallurgical grade metal oxide increases, it is expected that the sales to other alumina enterprises will increase and generate profits for the Group. As disclosed in the section headed "Reasons for the Open Offer and use of proceeds" in this circular, approximately HK\$50 million of the net proceeds from the Open Offer will be used for facilitating the development and expansion of this new trading business.

The Group expects to increase asset utilisation efficiency effectively and optimise the utilisation of domestic land and fixed asset resources through consolidation, and generates more diversified sources of income for the Group.

The Group would also actively identify and explore other investment and business opportunities to broaden its assets and revenue base. The Group will cautiously search for investment opportunities so as to produce a steady growth in the Group's long term performance.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Group is principally engaged in the manufacturing and trading of cables and wires for use in household electrical appliances and electronic products, copper products and mining business.

As disclosed in the Annual Report 2014, the bank balances and cash for the year ended 30 June 2014 was approximately HK\$268.5 million and the short term borrowings of the Group for the same period was approximately HK\$158.2 million. During the second half of 2014, the Company has repaid borrowings of approximately HK\$93 million. As at 31 December 2014, the bank balances and cash was approximately HK\$125.7 million and the outstanding amount of the short term borrowings of the Group is approximately HK\$135 million being the aggregate of bank loans in the sum of approximately HK\$87 million and trust receipt in the sum of approximately HK\$48 million.

The price and demand of commodity goods, such as copper, started to decline in the PRC starting from January 2014 and the banks had adopted tighter credit and investment controls for providing facilities to companies with copper business recently. With the continuous decrease in oil price and copper price in late 2014, the effect of tighten up credit and investment controls of banks have become more significant and some of the

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banks of the Group have already lowered the loan or facility amount granted to the Company. In light of this, it is expected that it will become more difficult for the Group to obtain additional banking facilities or renew the bank facilities after repayment of the loans. As such, after considering the above, the Directors are of the view that additional funding is necessary to facilitate the operation of the existing business of the Group and at the same time to maintain a reasonable cash and bank balance for the healthy operation of the Company.

The Directors are also of the view that it would be vital for the Group to diversify its business exposure with a view to broaden its revenue base and achieve better Shareholders' return. The Open Offer would enable the Group to raise sufficient fund to maintain the financial flexibility necessary for the Group's business development. Reference is made to the announcement of the Company dated 13 August 2014 in relation to, among other things, the acquisition of 51% of the enlarged registered capital of Henan Shengxiang by way of capital injection by Dongguan Hua Yi, an indirect wholly-owned subsidiary of the Company. As disclosed in the said announcement, Henan Shengxiang is engaged in import of metallurgical grade bauxite and selling to a sizeable state-owned enterprise in Henan for production of aluminum oxide. As disclosed in the interim results announcement of the Company for the six months ended 31 December 2014, the new trading business of metallurgical grade bauxite has provided satisfactory performance and the turnover was approximately HK\$75,789,000, which accounted for approximately 18.4% of the Group's total turnover. The Directors are optimistic about the future prospects of and gained confidence in the new trading business of metallurgical grade bauxite.

During the operation of the new business, the Group has gradually built up network in the trading market and also identified a number of potential new customers. The Group is of the view that sufficient capital is required for the Company to procure additional and/or larger orders and to procure more customers. Therefore, the Group is considering the expansion of the trading volume for this new business by either setting up a new wholly-owned subsidiary or further investing on Dongguan Hua Yi for an amount of approximately HK\$50 million. The Directors believe that by having an enlarged capital base, the Company will be able to procure additional and/or larger orders and to seize any potential opportunities to further develop the trading business of metallurgical grade bauxite in a more timely manner. It is expected that the sales to other alumina enterprises will provide further contributions to the profit of the Group if the trading volume of metallurgical grade oxide is increased. Hence the Board would like to raise fund to facilitate the development and expansion of the new trading business by way of the proposed Open Offer. Should other attractive and appropriate investment opportunities become available to the Group, the fund raised will also allow the Board to respond to the market in a timely manner.

It is expected that the gross proceeds from the Open Offer will be approximately HK\$189 million. It is expected that the estimated net proceeds, after deducting all the expenses in connection with the Open Offer, are approximately HK\$182 million which are intended to be used as to: (i) approximately HK\$90 million for repayment of short term loans, (ii) approximately HK\$50 million for financing new trading business of metallurgical grade bauxite of the Group; and (iii) approximately HK\$42 million as the working capital of the Group. The estimated usage of the general working capital for Hong Kong office and the PRC operations of the Group (including the administrative and operation expenses, such as salaries and professional fees, and other office expenses, etc.) is approximately HK\$5 million per month.

Having considered other fund raising alternatives for the Group, such as bank borrowings and placing of new Shares, and taking into account the benefits and cost of

LETTER FROM THE BOARD

each of the alternatives, the Open Offer allows the Group to strengthen its balance sheet without facing the increasing interest rates.

The Board has also considered rights issue as an alternative means of fund raising before resolving to the Open Offer which a rights issue is similar to an open offer except that it enabled the Shareholders to trade in nil-paid rights. If the Company is to carry out a rights issue instead of the Open Offer, additional administrative work would be involved by the Company for arranging the trading of nil-paid rights and liaising with other parties such as the Registrar of the Company, the Underwriter, financial printer and other professional advisers. It is estimated that the additional costs and expenses of around HK\$300,000 would be incurred for such administrative work and the arrangement of trading the nil-paid rights. As disclosed above, the estimated net proceeds for the Open Offer has been earmarked for specific uses with concrete plans. With the estimated usage of the general working capital of the Group of approximately HK\$5 million per month, the portion of approximately HK\$42 million of the net proceeds intended to be used as the general working capital of the Group can only fulfill the needs of the Group for about 8 months. Therefore, the Board considers that it is important for the Group to minimise all costs which may be incurred during the fund raising. In addition, in view of the downward trend of the historical trading price of the Shares, there is uncertainty of existence of a market to trade in the nil-paid rights. The Board considers that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. Having considered and balanced against the extra administrative work and additional cost which will be involved for the trading arrangement of nil-paid rights, and given that all Qualifying Shareholders can have an equal opportunity to maintain their interests in the Company, the Directors are of the view that raising funds by way of the Open Offer is a better option and the Open Offer is in the interests of the Company and the Shareholders as a whole. **However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

The Directors (including the independent non-executive Directors who express their view after taking into consideration of the advises of the Independent Financial Adviser) consider that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account the terms of the Open Offer.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer is subject to the satisfaction of certain conditions as described under the section headed "Conditions of the Open Offer" in this circular. In particular, it is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares or Adjusted Shares up to the date when the conditions of the Open Offer are fulfilled, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that, based on the expected timetable of the Capital Reorganisation and Open Offer, the Shares will be dealt in on an ex-entitlement basis

LETTER FROM THE BOARD

commencing from Wednesday, 8 April 2015 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Wednesday, 6 May 2015), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structures of the Company immediately before and after the completion of the Open Offer are set out below:

Shareholders	Prior to the Open Offer				Upon Completion of the Open Offer			
	As at the Latest Practicable Date		Immediately after the Capital Reorganisation become effective		Assuming no Qualifying Shareholders take up their respective entitlements under the Open Offer		Assuming full subscription by the Qualifying Shareholders as to their respective entitlements under the Open Offer	
	No. of Shares	Approximately %	No. of Adjusted Shares	Approximately %	No. of Adjusted Shares	Approximately %	No. of Adjusted Shares	Approximately %
The Underwriter and its sub-underwriter(s) and subscriber(s) procured by the Underwriter (if any)	21	0.00	2	0.00	944,926,952	83.33	12	0.00
Other public Shareholders	<u>1,889,853,879</u>	<u>100.00</u>	<u>188,985,388</u>	<u>100.00</u>	<u>168,985,388</u>	<u>16.67</u>	<u>1,133,912,328</u>	<u>100.00</u>
Total	<u>1,889,853,900</u>	<u>100.00</u>	<u>188,985,390</u>	<u>100.00</u>	<u>1,133,912,340</u>	<u>100.00</u>	<u>1,133,912,340</u>	<u>100.00</u>

The Company will take all appropriate steps to ensure that sufficient public float be maintained upon the completion of the Open Offer in compliance with Rule 8.08(1)(a) of the Listing Rules.

LETTER FROM THE BOARD

CORPORATE ACTIONS OF THE COMPANY IN THE PAST 12 MONTHS

The followings are the corporate actions of the Company and the related dilution effect on the share price and shares in issue after the corporate action during the past 12 months (up to the Latest Practicable Date):

Date of announcement	Event	Dilution effect on the share price after the corporate action	Total number of Shares in issue after relevant corporate action	Dilution effect on the Company's Shares in issue after the relevant corporate action (approximately)
21 January 2014	Open offer on the basis of five offer shares for every one Share (the "2014 Open Offer")	Adjusted downwards by approximately 55% (Note 1)	1,889,853,900	83.33% (Note 2)
6 February 2015 (The Announcement)	Capital Reorganisation	Adjusted upwards by 10 times	188,985,390	No effect (Note 3)
	Open Offer on the basis of five Offer Shares for every one Adjusted Share	Adjusted downward by approximately 58% (Note 4)	1,133,912,340	83.33% (Note 2)
	Accumulated dilution effect with reference to the number of Shares in issue as at 21 January 2014 of 314,975,650 Shares and adjusted for the Capital Reorganisation (Note 4)			97.22%

Notes:

- The dilution effect on the share price is calculated based on the theoretical ex-entitlement price of approximately HK\$0.160 per Share of the 2014 Open Offer and the theoretical closing price of HK\$0.360 per Share based on the then closing share price as quoted on the Stock Exchange on 21 January 2014, being the last trading day for the Shares before the date of release of the announcement of the 2014 Open Offer.
- The dilution effect on the Shares only applies to those Shareholders who do not apply for the open offer.
- The corporate action was on a pro rata basis and the shareholding of all Shareholders would remain unchanged.

LETTER FROM THE BOARD

4. The dilution effect on the share price is calculated based on the theoretical ex-entitlement price of approximately HK\$0.277 per Adjusted Share and the theoretical closing price of HK\$0.66 per Adjusted Share based on the closing price per share as quoted on the Stock Exchange on 6 February 2015, being the Last Trading Day.
5. For illustrative purpose only, the accumulated dilution effect shows the effect on shareholdings of the Company after the corporate actions involving issuance of new shares of the Company since 21 January 2014, being the date of the 2014 Open Offer announcement and up to the completion of the proposed Open Offer (assuming nil acceptance by the Qualifying Shareholders and the Capital Reorganisation having become effective).

FUND RAISING ACTIVITY IN THE PAST 12 MONTHS

Apart from the fund raising activity mentioned below, the Company has not carried out other equity fund raising activities in the past 12 months immediately preceding the date of the Announcement.

Date of initial announcement	Fund raising activity	Intended use of net proceeds	Actual use of proceeds
21 January 2014 (Note)	2014 Open offer of 1,574,878,250 offer shares on the basis of five (5) offer shares for every one (1) existing share	– Approximately HK\$40 million for developing a parcel of land situated on the Santai Industrial Zone	– Approximately HK\$9 million utilized as intended and the remaining was deposited at the banks
		– Approximately HK\$30 million for renovation of two factories owned by the Group in Changping Town, Dongguan	– Fully utilized as intended
		– Approximately HK\$60 million for the repayment of short term loans	– Fully utilized as intended
		– Approximately HK\$53 million for general working capital of the Group	– Fully utilized as intended

Note: The 2014 Open Offer was completed on 17 April 2014.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Capital Reorganisation and accordingly no Shareholder will be required to abstain from voting on the relevant resolution(s) approving the Capital Reorganisation.

As the proposed Open Offer will increase the issued share capital or the market capitalization of the Company by more than 50% within the 12-month period immediately preceding the date of the Announcement, the Open Offer is subject to the approval of the Independent Shareholders.

Pursuant to Rule 7.24(5) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolutions relating to the Open Offer. As at the Latest Practicable Date, as 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 the resolution(s) in relation to the Open Offer at the SGM. As at the Latest Practicable Date, none of the Directors are interested in any Shares. Accordingly, none of the Shareholders are required to abstain from voting in favour of the resolution(s) in relation to the Open Offer at the SGM.

The Company had established an Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming, to advise the Independent Shareholders in connection with the Open Offer, whether their terms are fair and reasonable and whether they are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. In this connection, the Company has appointed Nuada Limited as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in these regards.

The Capital Reorganisation and the Open Offer are subject to, among other matters, the approval of the Shareholders or the Independent Shareholders by the way of poll at the SGM.

THE SGM

A notice for convening the SGM to be held at No. 7, 2nd Floor, Kingsford Industrial Centre, 13 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong on Wednesday, 1 April 2015 at 10:00 a.m. or any adjournment is set out on pages 71 to 74 of this circular.

Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy to the Registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding

LETTER FROM THE BOARD

of the SGM. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM should you so wish and in such event, the proxy shall be deemed to be revoked.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 32 to 33 of this circular which contains its recommendation to the Independent Shareholders, and the letter from Independent Financial Adviser set out on pages 34 to 50 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Open Offer and the Underwriting Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Open Offer are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolutions approving the Open Offer and the Underwriting Agreement at the SGM.

The Directors consider that the terms of the Open Offer are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, therefore, the Directors recommend the Independent Shareholders to vote in favour of the proposed resolutions approving the Open Offer at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional 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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders regarding the Open Offer.



SOLARTECH INTERNATIONAL HOLDINGS LIMITED

蒙古礦業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1166)

9 March 2015

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED OPEN OFFER OF 944,926,950 OFFER SHARES
ON THE BASIS OF FIVE (5) OFFER SHARES FOR EVERY ONE (1)
ADJUSTED SHARE HELD ON THE RECORD DATE**

We refer to the circular dated 9 March 2015 (the “**Circular**”) of Solartech International Holdings Limited (the “**Company**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We have been appointed as the Independent Board Committee to consider the Open Offer and to advise the Independent Shareholders as to the fairness and reasonableness of the Open Offer and to recommend whether or not the Independent Shareholders should vote on the resolution to be proposed at the SGM to approve the Open Offer. Nuada Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from Nuada Limited as set out in the Circular which contains, inter alia, its advice and recommendation to us and the Independent Shareholders regarding the terms and conditions of the Open Offer and the Underwriting Agreement with the principal factors and reasons for its advice and recommendation.

* For identification purposes only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice and recommendation of Nuada Limited, we consider that the terms of the Open Offer and the Underwriting Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Furthermore, the Open Offer is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Open Offer, the Underwriting Agreement and the respective transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the 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

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Nuada Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Open Offer for the purpose of inclusion in this circular.

Nuada Limited

Corporate Finance Advisory

Unit 1805-08, 18/F
OfficePlus@Sheung Wan
93-103 Wing Lok Street
Sheung Wan, Hong Kong
香港上環永樂街93-103號
協成行上環中心18樓1805-08室

9 March 2015

To *the Independent Board Committee and the Independent Shareholders of Solartech International Holdings Limited*

Dear Sirs,

**PROPOSED OPEN OFFER OF 944,926,950 OFFER SHARES
ON THE BASIS OF FIVE (5) OFFER SHARES FOR EVERY ONE (1)
ADJUSTED SHARE HELD ON THE RECORD DATE**

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Open Offer, details of which are set out in the letter from the Board (the “**Letter**”) contained in the circular of the Company to the Shareholders dated 9 March 2015 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

As stated in the Letter, the Company proposed to raise approximately HK\$189 million, before expenses, by way of Open Offer of 944,926,950 Offer Shares at the Offer Price of HK\$0.20 per Offer Share on the basis of five (5) Offer Shares for every one (1) Adjusted Share held on the Record Date. The gross proceeds from the Open Offer will be approximately HK\$189 million. It is intended that the estimated net proceeds of approximately HK\$182 million will be used as to (i) approximately HK\$90 million for repayment of short term loans; (ii) approximately HK\$50 million for financing new trading business on metallurgical grade bauxite of the Group; and (iii) the remaining of approximately HK\$42 million as the working capital of the Company.

The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders and will be fully underwritten by the Underwriter, on the terms and subject to the conditions of the Underwriting Agreement, details of which are set out in the section headed “Underwriting Agreement” in the Letter.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

As the proposed Open Offer will increase the issued share capital or the market capitalization of the Company by more than 50% within the 12-month period immediately preceding the date of the Announcement, the Open Offer is subject to the approval of the Independent Shareholders.

Pursuant to Rule 7.24(5) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolutions relating to the Open Offer. As at the Latest Practicable Date, as 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 the resolution(s) in relation to the Open Offer at the SGM. As at the Latest Practicable Date, none of the Directors are interested in any Shares. Accordingly, none of the Shareholders are required to abstain from voting in favour of the resolution(s) in relation to the Open Offer at the SGM.

Our role as the independent financial adviser is to (i) give our independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the Open Offer is fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote in relation to (i) above.

Save as being the independent financial adviser of the Company in relation to its proposed open offer and refreshment of general mandate which the circular was dated 25 February 2014, as at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonable be regarded as relevant to our independence.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date and should there be any material changes after the despatch of the Circular, Shareholders would be notified as soon as possible.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Open Offer. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date.

Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to advise the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons:

1. Information of the Company

The Company is incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the manufacturing and trading of cables and wires for use in household electrical appliances and electronic products, copper products and mining business.

The table below shows the financial results of the Group for each of the three years ended 30 June 2012, 2013 and 2014 as extracted from the Group's annual reports for the financial year ended 30 June 2013 (the "**Annual Report 2013**") and the financial year ended 30 June 2014 (the "**Annual Report 2014**") and the six months ended 31 December 2014 as extracted from the Group's interim results announcement for the six months ended 31 December 2014 dated 26 February 2015 (the "**Interim Result 2014**").

LETTER FROM INDEPENDENT FINANCIAL ADVISER

	For the six months ended 31 December (Unaudited) 2014 HK\$'000	For the year ended 30 June (Audited) 2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
Revenue	410,910	804,284	601,611	612,863
Cables and wires	110,875	224,879	201,381	205,766
Copper rods	203,519	531,674	397,305	407,097
Others	96,516	47,731	2,925	–
Gross profit	15,515	18,884	14,190	7,524
Loss for the period/year attributable to owners of the Company	78,214	37,709	415,071	106,132

As shown in the Annual Report 2013, the revenue of the Company decreased by approximately 1.8% from approximately HK\$612.9 million for the year ended 30 June 2012 (“FY2012”) to approximately HK\$601.6 million for the year ended 30 June 2013 (“FY2013”). By business segments, the turnover of the cables and wires business, which accounted for approximately 33.5% of the total turnover of the Group, was approximately HK\$201.4 million in FY2013, representing a decrease of approximately 2.1% as compared to approximately HK\$205.8 million in FY2012. Turnover of the copper rod business, which accounted for approximately 66.0% of the total turnover of the Group, was approximately HK\$397.3 million in FY2013, representing a decrease of approximately 2.4% as compared to HK\$407.1 million in FY2012. The loss attributable to the owners of the Company was approximately HK\$415.1 million for FY2013 as compared to loss attributable to the owners of the Company of approximately HK\$106.1 million in FY2012, representing an increase of approximately 291.2%, which is mainly attributable to the impairment loss on mining right of approximately HK\$360.6 million and general and administrative expenses of approximately HK\$93.6 million. The gross profit margin of the Group, as obtained from dividing gross profit by revenue, was approximately 2.4% in FY2013.

As stated in the Annual Report 2014, the revenue of the Company increased by approximately 33.7% from approximately HK\$601.6 million for FY2013 to approximately HK\$804.3 million for the year ended 30 June 2014 (“FY2014”). By business segments, the turnover of the cables and wires business, which accounted for approximately 28.0% of the total turnover of the Group, was approximately HK\$224.9 million in FY2014, representing an increase of approximately 11.7% as compared to approximately HK\$201.4 million in FY2013. Turnover of the copper rod business, which accounted for approximately 66.1% of the total turnover of the Group, was approximately HK\$531.7 million in FY2014, representing an increase of approximately 33.8% as compared to approximately HK\$397.3 million in FY2013. Turnover of other businesses, which accounted for approximately 5.9% of the total turnover of the Group, was approximately HK\$47.7 million, as compared to approximately HK\$2.9 million for FY2013. The loss attributable to the owners of the Company was approximately HK\$37.7 million for FY2013, representing a decrease of approximately 90.9%, which is mainly attributable to

LETTER FROM INDEPENDENT FINANCIAL ADVISER

the decrease in impairment loss on mining right from approximately HK\$360.6 million to nil. The gross profit margin of the Group, as obtained from dividing gross profit by revenue, was approximately 2.3% in FY2014.

According to the Interim Result 2014, the revenue of the Company increased by approximately 2.0% to approximately HK\$410.9 million for the six months ended 31 December 2014 ("**Six Months 2014**"). By business segments, the turnover of the cables and wires business, which accounted for approximately 27.0% of the total turnover of the Group, was approximately HK\$110.9 million for Six Months 2014, representing an increase of approximately 1.8% as compared to the corresponding period last year. Turnover of the copper rod business, which accounted for approximately 49.5% of the total turnover of the Group, was approximately HK\$203.5 million for Six Months 2014, representing a decrease of approximately 27.5% as compared to the corresponding period last year. Turnover of other businesses, which increased to account for approximately 23.5% of the total turnover of the Group, was approximately HK\$96.5 million for Six Months 2014, representing an increase of approximately 631.1% as compared to the corresponding period last year. The loss attributable to the owners of the Company was approximately HK\$78.2 million for Six Months 2014, representing an increase of approximately 325.0% comparing to the corresponding period last year, which is mainly attributable to the decrease in change in fair value of financial assets at fair value through profit or loss from approximately HK\$20.8 million in the corresponding period in the previous year to approximately negative HK\$18.9 million in Six Months 2014. The gross profit margin of the Group, as obtained from dividing gross profit by revenue, was approximately 3.8% in Six Months 2014.

According to the Interim Result 2014, the cash and cash equivalents as at 31 December 2014 was approximately HK\$125.7 million, representing a decrease of approximately 53.2% from approximately HK\$268.5 million as at 30 June 2014. The decrease was attributable to the (i) net cash used in operating activities of approximately HK\$140.0 million for Six Months 2014; (ii) net cash generated from investing activities of approximately HK\$31.6 million for Six Months 2014; and (iii) net cash used in financing activities of approximately HK\$34.1 million for Six Months 2014.

As at 31 December 2014, the Group had current liabilities of approximately HK\$246.7 million, non-current liabilities of approximately HK\$42.3 million, net current assets of approximately HK\$258.4 million and net assets of approximately HK\$1,669.9 million.

Although the Company's revenue recorded slight increase for Six Months 2014 comparing with corresponding period last year, given that (i) the Company recorded net loss for the analysed financial years; and (ii) the cash and cash equivalents of the Company recorded decrease of approximately 53.2% for Six Months 2014, we understand that the financial performance of the Group has been weak in the past financial years.

2. Reasons for the Open Offer and use of proceeds

As disclosed in the Annual Report 2014, the bank balances and cash for FY2014 was approximately HK\$268.5 million and short term borrowings of the Group for FY2014 was approximately HK\$158.2 million. During the second half of 2014, the Company has repaid borrowings of approximately HK\$93 million. As at 31 December 2014, the bank balances and cash was approximately HK\$125.7 million and the outstanding amount of the short term borrowings of the Group is approximately HK\$135 million being the aggregate of bank loans in the sum of approximately HK\$87 million and trust receipt in the sum of approximately HK\$48 million.

In light of the decline in price and demand of commodity goods, such as copper, in the PRC starting from January 2014 and the continuous decrease in oil price and copper price in late 2014, the management of the Company expected that it would become more difficult for the Group to obtain additional banking facilities or renew the bank facilities after repayment of the loans. As such, the Directors are of the view that additional funding is necessary to facilitate the operation of the existing business of the Group and at the same time to maintain a reasonable cash and bank balance for the healthy operation of the Company.

The Directors are also of the view that it would be vital for the Group to diversify its business exposure with a view to broaden its revenue base and achieve better Shareholders' return. The Open Offer would enable the Group to raise sufficient fund to maintain the financial flexibility necessary for the Group's business development.

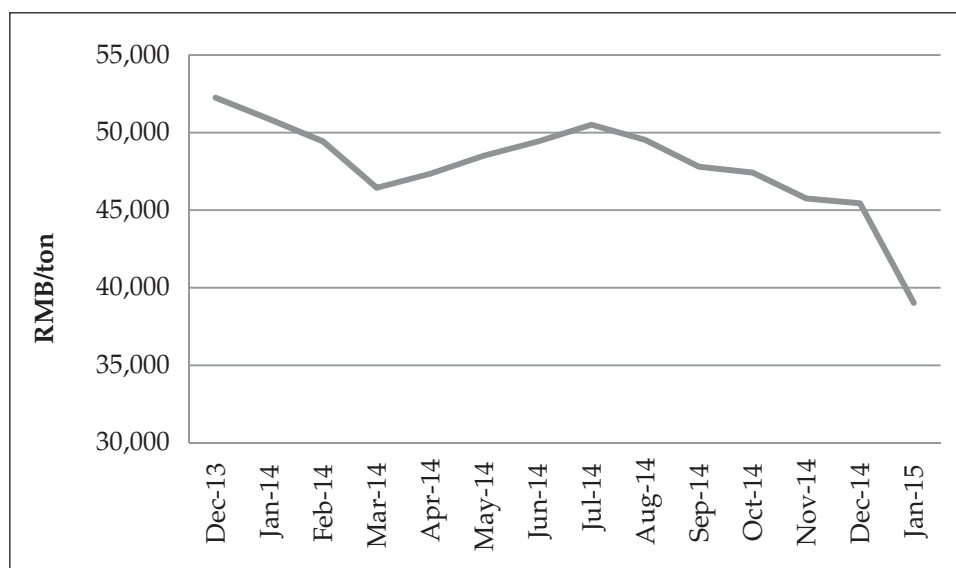
In addition, as further disclosed in the Letter, reference is made to the announcement of the Company dated 13 August 2014 in relation to, among other things, the acquisition of 51% of the enlarged registered capital of 河南盛祥實業有限公司 (Henan Shengxiang Industry Co., Ltd.*) ("**Henan Shengxiang**") by way of capital injection by Dongguan Hua Yi Brass Products Co., Ltd ("**Dongguan Hua Yi**"), an indirect wholly-owned subsidiary of the Company. As disclosed in the said announcement, Henan Shengxiang is engaged in import of metallurgical grade bauxite and selling to a sizeable state-owned enterprise in Henan for production of aluminum oxide. As disclosed in the Interim Result 2014, the new trading business of metallurgical grade bauxite has provided satisfactory performance and the turnover was approximately HK\$75,789,000, which accounted for approximately 18.4% of the Group's total turnover. The Directors are optimistic about the future prospects of and gained confidence in the new trading business of metallurgical grade bauxite.

During the operation of the new business, the Group has gradually built up network in the trading market and also identified a number of potential customers. The Group is of the view that sufficient capital is required for the Company to procure additional and/or larger orders and to procure more customers. Therefore, the Group is considering the expansion of the trading volume for this new business by either setting up a new wholly-owned subsidiary or further investing on Dongguan Hua Yi for an amount of approximately HK\$50 million. The Directors believe that by having an enlarged capital base, the Company will be able to procure additional and/or larger orders and to seize

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any potential opportunities to further develop the trading business of metallurgical grade bauxite in a more timely manner. It is expected that the sales to other alumina enterprises will provide further contributions to the profit of the Group if the trading volume of metallurgical grade oxide is increased. Hence the Board would like to raise fund to facilitate the development and expansion of the new trading business by way of the proposed Open Offer. Should other attractive and appropriate investment opportunities become available to the Group, the fund raised will also allow the Board to respond to the market in a timely manner.

Set out below is the average monthly copper closing price in the Shanghai Futures Exchange from December 2013 to January 2015.



Source: Website of the Shanghai Futures Exchange (<http://www.shfe.com.cn/>)

As referred to the above graph and according to the Shanghai Futures Exchange, the average monthly copper closing price decreased from approximately RMB52,300 per ton in December 2013 to approximately RMB46,400 per ton in March 2014, before rising to approximately RMB50,500 per ton in July 2014. After that, the average monthly copper closing price started to decline further and recorded approximately RMB39,000 per ton in January 2015.

Having considered the above and after discussion with the management of the Company, we are of the view that it is general working measure for banks to raise the standards for providing additional banking facilities or renewing the bank facilities to the Group. As such, we consider that the Group seeking alternative fund raising method, particularly the Open Offer after considering different financing alternatives (details please refer to the section headed "Financing alternatives" below), is on normal business behaviour.

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According to National Bureau of Statistics of China, the export of aluminium products increased from approximately USD9,500 million in 2009 to approximately USD18,600 million in 2011, remained approximately at the same level in 2012 and further increased by approximately 7.5% to approximately USD20,000 million in 2013. As such, we consider that the consumption of metallurgical grade bauxite, the raw materials in producing aluminum oxide and thus aluminum products, performed an upward trend in recent years.

With reference to the Letter, it is expected that the gross proceeds from the Open Offer will be approximately HK\$189 million. It is expected that the estimated net proceeds, after deducting all the expenses in connection with the Open Offer, are approximately HK\$182 million which are intended to be used as to: (i) approximately HK\$90 million for repayment of short term loans; (ii) approximately HK\$50 million for financing new trading business of metallurgical grade bauxite of the Group; and (iii) approximately HK\$42 million as the working capital of the Group. The estimated usage of the general working capital for Hong Kong office and the PRC operations of the Group (including the administrative and operation expenses, such as salaries and professional fees, and other office expenses, etc.) is approximately HK\$5 million per month. As such, it is estimated that the working capital can be utilized by the Group for approximately 8 months.

Given that (i) the Group's weak financial performance for the recent financial years, in particular the low gross profit margin and the net losses; (ii) the declining price of copper in the PRC and decreasing oil price that may cause banks to raise the standards for providing additional banking facilities or renewing the bank facilities to the Group; (iii) the intention of the Company to diversify its business exposure with a view to broaden its revenue base and achieve better return of the Shareholders; (iv) the consumption of metallurgical grade bauxite, the raw materials in producing aluminum oxide and thus aluminum products, performed an upward trend in recent years; (v) the working capital can be utilized by the Group for approximately 8 months; and (vi) the enhancement on the cash resources and improvement in the gearing ratio of the Company (details will be discussed in the section headed "Possible financial effects of the Open Offer" below), we are of the view that the reasons for the Open Offer and the use of proceeds are justifiable.

3. Financing alternatives

According to the Letter and as discussed with the Directors, we note that the Group has considered debt financing, placing of new Shares and rights issue as other fund raising alternatives. We understand that the Directors consider that debt financing would incur interest burden to the Group, which would affect the Group's performance and the Group may subject to, including but not limited to, lengthy due diligence and negotiations with banks regarding the Group's financial performances and the prevailing market condition while placing of new Shares may have dilution effect to existing Shareholders. As such, we are of the view and concur with the view of the Directors that the Open Offer allows the Group to strengthen its balance sheet without facing the increasing interest rates.

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The Board has also considered rights issue as an alternative mean of fund raising before resolving to the Open Offer which a rights issue is similar to an open offer except that it enabled the Shareholders to trade in nil-paid rights. According to the Letter and as advised by the Directors, if the Company is to carry out a rights issue instead of the Open Offer, additional administrative work would be involved by the Company for arranging the trading of nil-paid rights and liaising with other parties such as the Registrar, the Underwriter, financial printer and other professional advisers. It is estimated that the additional costs and expenses of around HK\$300,000 would be incurred for such administrative work and the arrangement of trading the nil-paid rights. As disclosed above, the estimated net proceeds for the Open Offer has been earmarked for specific uses with concrete plans. With the estimated usage of the general working capital of the Group of approximately HK\$5 million per month, the portion of approximately HK\$42 million of the net proceeds intended to be used as the general working capital of the Group can only fulfill the needs of the Group for about 8 months. Therefore, the Board considers that it is important for the Group to minimise all costs which may be incurred during the fund raising. In addition, in view of the downward trend of the historical trading price of the Shares, there is uncertainty of existence of a market to trade in the nil-paid rights. The Board considers that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. Having considered and balanced against the extra administrative work and additional cost which will be involved for the trading arrangement of nil-paid rights, and given that all Qualifying Shareholders can have an equal opportunity to maintain their interests in the Company, the Directors are of the view that raising funds by way of the Open Offer is a better option and the Open Offer is in the interests of the Company and the Shareholders as a whole. However, it is advised that those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

In addition to the extra administrative work and additional cost incurred for trading arrangement of nil-paid rights, having considered the downward trend of the historical trading price of the Shares in the six months prior to the date of the Underwriting Agreement, details of which please refer to the section headed "Historical Share price performance" below, we consider that there is uncertainty of existence of a market to trade in the nil-paid rights and Shareholders may fail to trade their nil-paid rights if they wish to do so. As such, we are of the view and concur with the view of the Directors that raising funds by way of the Open Offer is in the interests of the Company and the Shareholders as a whole.

As disclosed in the Letter, the Board has not approached any other underwriters to consider underwriting the Open Offer as (i) the Company has a long business relationship with the Underwriter and believes the Underwriter is a reputable securities firm and is willing to engage with the Company and has a track record of completing market deals successfully with the Company; (ii) there is only a limited number of underwriters who is willing to work with companies of small capitalisation; and (iii) the Company does not intend to approach multiple underwriters that has no prior business relationship with the aim of keeping inside information confidential before publication of an announcement and not putting any person in a privileged dealing position as the Open Offer is a highly material and price sensitive information.

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After considering (i) debt financing would incur interest burden to the Group and lead to lengthy due diligence and negotiations with banks and difficulties in having financial institute willing to undertake debt financing for the Group; (ii) placing of new Shares may have dilution effect to existing Shareholders; and (iii) additional administrative work and cost would be involved by the Company and the uncertainty of existence of a market to trade in the nil-paid rights in the case of rights issue, we consider that the Open Offer is fair and reasonable.

4. The Open Offer

Refer to the Letter, the Company proposed to raise approximately HK\$189 million, before expenses, by way of Open Offer of 944,926,950 Offer Shares at the Offer Price of HK\$0.20 per Offer Share on the basis of five (5) Offer Shares for every one (1) Adjusted Share held on the Record Date. The number of Shares in issue as at the Latest Practicable Date is 1,889,853,900 and the number of Adjusted Shares expected to be in issue immediately after the Capital Reorganisation becoming effective would be 188,985,390. The number of Offer Shares is 944,926,950 and is fully underwritten by the Underwriter which the underwriting commission is 2.5%. The number of Shares in issue upon completion of the Open Offer is 1,133,912,340. Further Details of the Open Offer please refer to the section headed "PROPOSED OPEN OFFER" in the Letter.

4.1 The Offer Price

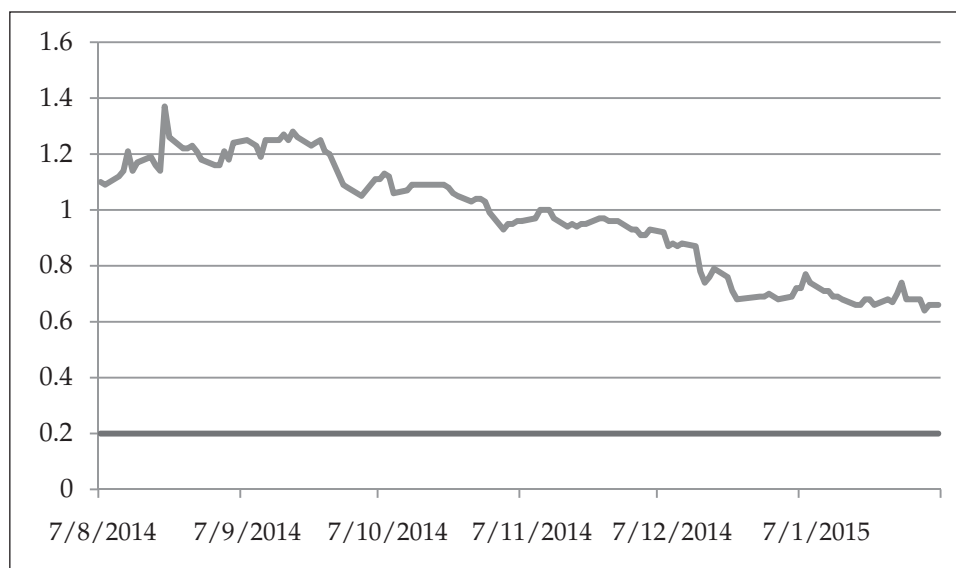
The Offer Price is HK\$0.20 per Offer Share, payable in full upon application. The Offer Price represents:

- (i) a discount of approximately 69.70% to the closing price of HK\$0.66 per Adjusted Share as quoted on Stock Exchange on the Last Trading Day, assuming that the Capital Reorganisation having become effective;
- (ii) a discount of approximately 69.70% to the average of the closing prices of approximately HK\$0.66 per Adjusted Share for the last five consecutive trading days including and up to the Last Trading Day, assuming that the Capital Reorganisation having become effective;
- (iii) a discount of approximately 27.8% to the theoretical ex-entitlement price of approximately HK\$0.277 per Adjusted Share after the Open Offer, based on the closing price of HK\$0.66 per Adjusted Share as quoted on the Stock Exchange on the Last Trading Day and having adjusted for the Capital Reorganisation;
- (iv) a discount of approximately 97.7% to the consolidated net assets value per Adjusted Share of approximately HK\$8.84 as at 30 June 2014 based on the consolidated net assets attributable to owners of the Company as at 30 June 2014 of HK\$1,671,278,000 and the number of Adjusted Shares expected to be in issue immediately after the Capital Reorganisation becoming effective; and
- (v) a discount of approximately 66.7% to the closing price of HK\$0.6 per Adjusted Share based on the closing price of HK\$0.06 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date, assuming that the Capital Reorganisation having become effective.

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Historical Share price performance

In order to assess the fairness and reasonableness of the Offer Price, we have reviewed the daily closing price of the Adjusted Shares (the “**Adjusted Closing Price**”), which has taken into account of the effect of the Capital Reorganisation, for the period from 7 August 2014, being the 6-month period prior to the date of the Underwriting Agreement, up to and including 6 February 2015, being the Last Trading Day (the “**Review Period**”). We consider a period of six months is long enough to capture the recent price movements of the Shares so that a reasonable comparison between the Adjusted Closing Price and the Offer Price is able to be conducted. Set out below is the Adjusted Closing Price as quoted from the Stock Exchange.



Source: Website of the Stock Exchange (www.hkex.com.hk)

As shown in the above chart, we noted that the Adjusted Closing Price has decreased continuously after reaching the highest of HK\$1.37 on 21 August 2014. On 3 February 2015, the Adjusted Closing Price has recorded the lowest of HK\$0.64. We noted that the Offer Price of HK\$0.2 is below all the Adjusted Closing Price during the Review Period, representing a discount of approximately 68.8% and 85.4% to the lowest Adjusted Closing Price and the highest Adjusted Closing Price respectively.

Comparison to other open offers

In accessing the fairness and reasonableness of the issue of the Offer Price, we have attempted to review all the proposed open offer announced by companies listed on the Stock Exchange in six calendar months prior to and up to the date of the Underwriting Agreement i.e. from 7 August 2014 to 6 February 2015 and identified an exhaustive list of 26 proposed open offer (the “**Comparable(s)**”) initially announced during the period. We consider that a review period of six calendar months prior and up to the date of the Underwriting Agreement is appropriate to capture the recent market practice because the Comparables are considered for the purpose of taking a general reference for the recent

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market practice in relation to the offer price under other proposed open offer as compared to the relevant prevailing market share prices under the recent market conditions and sentiments. However, given the differences between the Comparables and the Group in terms of business nature, financial performance, financial position as well as funding requirements, we consider the Comparables might not constitute close reference with the Company's proposed Open Offer, but just a market general reference for the recent market practice in relation to the offer price under other proposed open offer as compared to the relevant prevailing market share prices.

Set out below are the details of the Comparables.

Company	Stock code	Date of initial announcement	Basis of entitlement	Excess application	Discount of average subscription price over/to closing price on last trading day or the date of agreement (approximate %)	Discount of average subscription price over/to theoretical ex-entitlement price on last trading day or the date of agreement (approximate %)	Underwriting commission (approximate %)	Potential maximum dilution of shareholding (approximate %)
DeTeam Company Limited	65	8/8/2014	1 for 1	No	66.7	50.0	0.0	50.0
Enviro Energy International Holdings Limited	1102	2/9/2014	1 for 2	No	85.0	79.0	1.5	33.3
Jian ePayment Systems Limited	8165	12/9/2014	1 for 2	Yes	36.7	27.5	2.0	33.3
Kith Holdings Limited	1201	15/9/2014	1 for 2	Yes	1.4	0.0	0.1	33.3
Artini China Company Limited	789	23/9/2014	3 for 1	Yes	78.0	46.9	1.0	75.0
Van Shung Chong Holdings Limited	1001	24/9/2014	1 for 2	No	63.2	53.4	2.0	33.3
Paladin Limited	495 and 642	26/9/2014	1 for 2	Yes	23.1	16.7	2.0	33.3
Sustainable Forest Holdings Limited	723	9/10/2014	1 for 6 (17 bonus shares for every share subscribed)	Yes	86.6	61.9	2.5	75.0
China Best Group Holding Limited	370	11/10/2014	1 for 2	No	39.8	30.6	2.5	33.3
Heng Tai Consumables Group Limited	197	24/10/2014	1 for 5	Yes	37.5	33.3	0.0	16.7
Yueshou Environmental Holdings Limited	1191	24/10/2014	1 for 1	No	54.8	37.7	2.0	50.0

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Company	Stock code	Date of initial announcement	Basis of entitlement	Excess application	Discount of average subscription price over/to closing price on last trading day or the date of agreement (approximate %)	Discount of average subscription price over/to the theoretical ex-entitlement price on last trading day or the date of agreement (approximate %)	Underwriting commission (approximate %)	Potential maximum dilution of shareholding (approximate %)
Sage International Group Limited	8082	24/10/2014	2 for 1	No	57.0	30.6	2.0	66.7
China Fortune Investments (Holding) Limited	8116	27/10/2014	2 for 1	No	58.2	31.7	3.0	66.7
Allied Cement Holdings Limited	1312	7/11/2014	1 for 2	No	52.4	42.3	2.5	33.3
Vitop Bioenergy Holdings Limited	1178	17/11/2014	1 for 2	No	81.1	74.2	3.5	33.3
New Times Energy Corporation Limited	166	21/11/2014	1 for 2	No	53.4	43.3	2.5	33.3
Mastermind Capital Limited	905	25/11/2014	1 for 2	No	13.5	9.5	3.5	33.3
Man Sang International Limited	938	5/12/2014	1 for 2	No	11.4	7.9	1.5	33.3
Unity Investments Holdings Limited	913	15/12/2014	4 for 1	No	78.1	41.6	2.5	80.0
Li Ning Company Limited	2331	16/12/2014	5 for 12	Yes	25.1	19.0	2.5	29.4
Mission Capital Holdings Limited	1141	18/12/2014	1 for 2	No	11.5	8.0	2.5	33.3
Far East Holdings International Limited	36	18/12/2014	1 for 2	No	58.9	48.9	2.5	33.3
Prosperity Investment Holdings Limited	310	16/1/2015	1 for 2	No	28.6	21.0	3.0	33.3
Ming Fung Jewellery Group Limited	860	4/2/2015	2 for 1	No	57.7	31.8	0.5	66.7
Global Energy Resources International Group Limited	8192	5/2/2015	1 for 2	No	35.1	26.5	2.5	33.3
Convoy Financial Holdings Limited	1019	6/2/2015	3 for 1	No	71.3	38.3	3.5	75.0
				Average	48.7	35.1	2.1	44.3
				Minimum	1.4	0.0	0.0	16.7
				Maximum	86.6	79.0	5.0	80.0
The Company			5 for 1	No	69.70	27.80	2.5	83.33

Source: Website of the Stock Exchange (www.hkex.com.hk)

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As shown on the above table, the offer prices of all of the Comparables are set at discounts to relevant market price, ranging from a discount of approximately 1.4% to a discount of 86.6%, with an average discount of approximately 48.7%. The discount represented by the Offer Price to the closing price of the Shares on the Last Trading Day of approximately 69.70% is within the range of discounts of the Comparables although larger than the average discount of the Comparables.

As stated in the Letter and as discussed to the Directors, it is the Company's intention to deeper the discount to the Offer Price offered to Qualifying Shareholders in order to encourage them to participate in the Open Offer and the potential growth of the Company. We are of the view that large discount of Offer Price may increase the attractiveness of the Open Offer to Qualifying Shareholders.

Given that the Offer Price of HK\$0.2 represents a discount of approximately 68.8% and 85.4% to the lowest Adjusted Closing Price and the highest Adjusted Closing Price respectively during the Review Period, despite of the downward trend of the Adjusted Closing Price in the six months prior to the date of the Underwriting Agreement, details please refer to the section headed "Historical Share price performance" above, based on (i) the Group's weak financial performance for the recent financial years, in particular the low gross profit margin and the net losses; (ii) the discount represented by the Offer Price to the closing price of the Shares on the Last Trading Day of approximately 69.70% is within the range of discounts of the Comparables although larger than the average discount of the Comparables; and (iii) large discount of Offer Price may increase the attractiveness of the Open Offer to Qualifying Shareholders, we are of the view and concur with the view of the Directors that the Offer Price is fair and reasonable.

4.2 Underwriting Commission

Under the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting commission of 2.5% in respect of the maximum number of Offer Shares underwritten by the Underwriter. According to the Comparables, details of which is set out in the section headed "Comparison to other open offers" above, the underwriting commission of the Comparables amounted from a minimum of nil to a maximum of 5.0%, with mean of approximately 2.1%. As the Company's underwriting commission of 2.5% is within the range of that of the Comparables, we are of the view and concur with the view of the Directors that the underwriting commission is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4.3 No application for excess Offer Shares

As mentioned in the Letter, the Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their respective assured entitlements. Given that (i) each Qualifying Shareholder will be given an equal and fair opportunity to participate in the Open Offer and maintain their respective interests in the Company by accepting the Offer Shares under the Open Offer; and (ii) additional effort and cost (estimated to be HK\$200,000 to HK\$500,000) will be needed to administer the excess application procedures; and (iii) the Open Offer will be subject to the approval by the Independent Shareholders at the SGM for the Open Offer to proceed, the Board

considers that the arrangement for excess application is therefore not cost effective. As disclosed in the Letter, the estimated net proceeds for the Open Offer has been earmarked for specific uses with concrete plans and approximately HK\$42 million of the net proceeds from the Open Offer are intended to be used as the working capital of the Group. With the estimated usage of the general working capital of the Group of approximately HK\$5 million per month, such part of the net proceeds can only fulfill the needs of the Group for about 8 months and therefore, the Board considers that it is important for the Group to minimise all costs which may be incurred during the fund raising. Notwithstanding excess application arrangement will not be made available to Qualifying Shareholders, the Board considers that with a deeper discount to the Offer Price offered to Qualifying Shareholders would encourage them to participate the Open Offer and to participate in the potential growth of the Company.

According to the section headed “Comparison to other open offers”, 19 out of 26 Comparables had no excess application for their proposed open offer. We consider that no application for excess Offer Shares is in line with the market practice.

In view of the above and (i) the lack of excess application does not alter the intention of the Open Offer of encouraging all Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and continue to participate in the Company’s development; and (ii) all the Qualifying Shareholders are offered opportunities to decide whether to accept the Open Offer, we are of the view and concur with the view of the Directors that the absence of excess application is in the interests of the Shareholders.

Based on the above, we are of the view that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. Possible financial effects of the Open Offer

It should be noted that the analysis below is for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon completion of the Open Offer.

Net assets value

According to the unaudited pro forma financial information of the Group as set out in appendix II to the Circular, the unaudited consolidated net tangible assets attributable to owners of the Company was approximately HK\$785.3 million as at 31 December 2014. After taking into account of the net proceeds from the Capital Reorganisation and the Open Offer, the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company would be raised to approximately HK\$967.7 million.

The unaudited consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2014 was approximately HK\$0.42. Taking into effect of the Capital Reorganisation and the Open Offer, the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Adjusted Share as at 31 December 2014 will be approximately HK\$0.85, which represents an

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increase of approximately 102.4% comparing with the unaudited consolidated net tangible assets attributable to owners of the Company per Share without taking into account the effect of the Capital Reorganisation and the Open Offer as at 31 December 2014.

Cash and cash equivalents

According to the Interim Result 2014, the Group had cash and cash equivalents of approximately HK\$125.7 million as at 31 December 2014. Upon the completion of the Open Offer, the cash and cash equivalents of the Group will increase and improve as a result of the estimated net proceeds of approximately HK\$182 million from the Open Offer receivable by the Company.

Gearing ratio

According to the Interim Result 2014, the Group's total liabilities and total assets as at 31 December 2014 were approximately HK\$289.0 million and HK\$1,958.8 million respectively. The Company's gearing ratio (being the ratio of total debt to total assets) was therefore approximately 14.8%. As approximately HK\$90 million will be used to repay the short term loans of the Company and the Open Offer will provide additional liquidity in the form of equity to the Group, the financial position, capital base and total equity of the Group would be enhanced. Based on the enhanced cash position and enlarged capital base upon completion of the Open Offer, the Company's gearing ratio is expected to be improved.

Given the aforementioned, after taking into consideration of the enhancement on the cash resources and improvement in the gearing ratio of the Company, we are of the view that, in balance, the Open Offer is beneficial and in the interests of the Company and the Independent Shareholders as a whole.

6. Potential dilution effect on the interests of the Independent Shareholders

As stated in the table in the section headed "EFFECTS ON SHAREHOLDING STRUCTURE" in the Letter, the shareholding interest of other public Shareholders will have a maximum dilution of approximately 83.33% from approximately 100.0% to approximately 16.67% upon completion of the Open Offer assuming no Qualifying Shareholders take up their respective entitlements under the Open Offer. The accumulated dilution effect with reference to the number of shares in issue as at 21 January 2014 of 314,975,650 Shares and adjusted for the Capital Reorganisation is approximately 97.22%.

Although the maximum dilution of approximately 83.33% is higher than the maximum dilution effect of the Comparables of approximately 80.0%, details please refer to the section headed "Comparison to other open offers" above, after taking into account that (i) the intended use of proceeds from the Open Offer will enable the Group to repay loans and finance new trading business as well as increase the Group's general working capital; (ii) the Open Offer's intention to encourage all Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and continue to

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participate in the Company's development; (iii) a deeper discount to the Offer Price offered to Qualifying Shareholders would encourage them to participate the Open Offer and to participate in the potential growth of the Company; (iv) all the Qualifying Shareholders are offered opportunities to decide whether to accept the Open Offer; (v) the enhancement on the cash resources and improvement in the gearing ratio of the Company; and (vi) the inherent dilutive nature of Open Offer in general, we are of the view that the potential dilution effect, which may only happen to the Non-Qualifying Shareholders (if any) and Qualifying Shareholders who do not take up the Open Offer, is acceptable and the terms of the Open Offer are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into consideration of the above principal factors and reasons, we are of the view and concur with the view of the Boards that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favor of the relevant resolution(s) at the SGM to approve the Open Offer.

Yours faithfully,
For and on behalf of
Nuada Limited
Kevin Chan
Executive Director

Mr. Kevin Chan is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 15 years of experience in corporate finance industry.

A. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group (i) for the six months ended 31 December 2014 has been disclosed on pages 1 to 19 of the 2014/15 interim results announcement of the Company published on 26 February 2015 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0226/LTN20150226690.pdf>); (ii) for the year ended 30 June 2014 has been disclosed on pages 27 to 95 of the Annual Report 2014 published on 16 October 2014 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/1016/LTN20141016408.pdf>); (iii) for the year ended 30 June 2013 has been disclosed on pages 32 to 101 of the annual report 2013 of the Company published on 22 October 2013 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/1022/LTN20131022232.pdf>); and (iv) for the year ended 30 June 2012 has been disclosed on pages 28 to 99 of the annual report 2012 of the Company published on 22 October 2012 (<http://www.hkexnews.hk/listedco/listconews/SEHK/2012/1022/LTN20121022256.pdf>). All the above reports of the Company have been published on the website of the Stock Exchange (<http://hkexnews.hk>) and the website of the Company (<http://www.1166hk.com>).

B. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 January 2015, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had total outstanding borrowings of approximately HK\$118,153,000, comprising secured bank loans and secured trust receipt loans of approximately HK\$87,445,000 and HK\$30,675,000 respectively, and obligations under finance leases of approximately HK\$33,000.

The Group's certain items of property, plant and equipment, investment properties, prepaid lease payments for land and deposits and bank balances with an aggregate carrying value of approximately HK\$230,738,000 as at 31 January 2015 are pledged to banks to secure general banking facilities granted to the Group. The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

Save as aforesaid above and apart from intra-group liabilities and normal trade bills payables arising in the ordinary course of business, at the close of business on 31 January 2015, the Group did not have any other outstanding indebtedness, loan capital, bank overdrafts and liabilities under acceptance (other than normal trade bills) or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase or finance lease commitment, guarantees or contingent liabilities.

Save as disclosed, the Directors confirmed that there has been no material change in the indebtedness, contingent liabilities and commitments of the Group from 31 January 2015 up to the Latest Practicable Date.

C. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that taking into account the financial resources presently available to the Group including the Group's internally generated funds, the currently available facilities, the estimated net proceeds from the Open Offer, and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its normal business, in the next twelve months from the date of this circular.

D. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2014, the date on which the latest published audited consolidated financial statements of the Company were made up.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets (the “**Unaudited Pro Forma Financial Information**”) of the Group prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Capital Reorganisation and the Open Offer on the unaudited consolidated net tangible assets of the Group as if the Capital Reorganisation and the Open Offer had taken place on 31 December 2014.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purpose only, based on the judgments, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Capital Reorganisation and the Open Offer actually taken place on 31 December 2014 or any future date.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the unaudited consolidated net tangible assets of the Group derived from the unaudited condensed consolidated statement of financial position of the Group as at 31 December 2014, as extracted from the published unaudited interim results announcement of the Company for the six months ended 31 December 2014 and is adjusted for the effects of the Capital Reorganisation and the Open Offer.

Unaudited consolidated net tangible assets attributable to owners of the Company as at 31 December 2014 (Note (1)) HK\$'000	Estimated net proceeds from the Capital Reorganisation and the Open Offer (Note (2)) HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company after the Capital Reorganisation and the Open Offer (Note (3)) HK\$'000	Unaudited consolidated net tangible assets attributable to owners of the Company per share as at 31 December 2014 (Note (3)) HK\$	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per share as at 31 December 2014 (Note (4)) HK\$
Based on the Offer Price of HK\$0.20 per Offer Share				
785,253	182,426	967,679	0.42	0.85

Notes:

- (1) The unaudited consolidated net tangible assets attributable to owners of the Company as at 31 December 2014 is based on the unaudited consolidated net assets attributable to owners of the Company of approximately HK\$1,659,138,000 as at 31 December 2014 after deducting mining right and exploration and evaluation assets of approximately HK\$856,017,000 and HK\$17,868,000 respectively.
- (2) The estimated net proceeds from the Open Offer are approximately HK\$182,426,000 calculated based on 944,926,950 Offer Shares to be issued at the Offer Price of HK\$0.20 per Offer Share, and after the deduction of the estimated direct legal and professional costs of approximately HK\$6,559,000. There will be no proceeds from the Capital Reorganisation.
- (3) The calculation of unaudited consolidated net tangible assets attributable to owners of the Company per share as at 31 December 2014 is based on the unaudited consolidated net tangible assets attributable to owners of the Company of approximately HK\$785,253,000 and 1,889,854,000 Shares in issue as at 31 December 2014.
- (4) The calculation of unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per share as at 31 December 2014 is based on (i) the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company after the Capital Reorganisation and the Open Offer of approximately HK\$967,679,000; and (ii) approximately 1,133,911,950 shares in issue immediately following the completion of the Capital Reorganisation and the Open Offer which comprise (a) 1,889,854,000 Shares in issue as at 31 December 2014, as adjusted for the effect of the Capital Reorganisation pursuant to which every ten existing issued Shares in issue will be consolidated into one Consolidated Share, resulting in approximately 188,985,000 Adjusted Shares immediately before the Open Offer and (b) the 944,926,950 Offer Shares to be issued to the Qualifying Shareholders on the basis of five Offer Shares for one Adjusted Share of the Company held on the Record Date.
- (5) Save as disclosed above, no adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 31 December 2014.

The following is the text of an accountants' report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, in respect of the Unaudited Pro Forma Financial Information of the Group.

**(B) ASSURANCE REPORT ON UNAUDITED PRO FORMA STATEMENT OF
ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**



9 March 2015

The Board of Directors
Solartech International Holdings Limited
No. 7, 2nd Floor
Kingsford Industrial Centre
13 Wang Hoi Road
Kowloon Bay, Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Solartech International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2014 and related notes as set out on Section A of Appendix II to the circular issued by the Company dated 9 March 2015 (the "Circular") (the "Unaudited Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are set out in Section A of Appendix II to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed capital reorganisation (the "Capital Reorganisation") and the proposed open offer (the "Open Offer") on the Group's unaudited consolidated net tangible assets attributable to the owners of the Company as at 31 December 2014 as if the Capital Reorganisation and the Open Offer had taken place as at 31 December 2014. As part of this process, information about the Group's financial position as at 31 December 2014 has been extracted by the Directors from the Group's unaudited condensed consolidated financial statements for the six months ended 31 December 2014, on which an unaudited interim results announcement has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(1) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or a review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Capital Reorganisation and the Open Offer on unadjusted financial information of the Group as if transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transactions would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the transactions in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

BDO Limited

Certified Public Accountants

Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorized and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Capital Reorganisation but before completion of the Open Offer; and (iii) immediately after completion of the Open Offer are set out as follows:

(i) As at the Latest Practicable Date

		<i>HK\$</i>
Authorized:		
<u>50,000,000,000</u>	Shares	<u>500,000,000.00</u>
Issued and fully paid:		
<u>1,889,853,900</u>	Shares	<u>18,898,539.00</u>

(ii) Immediately after the Capital Reorganisation but before completion of the Open Offer

		<i>HK\$</i>
Authorized:		
<u>50,000,000,000</u>	Adjusted Shares	<u>500,000,000.00</u>
Issued and fully paid:		
<u>188,985,390</u>	Adjusted Shares	<u>1,889,853.90</u>

(iii) Immediately after completion of the Open Offer

HK\$

Authorized:

<u>50,000,000,000</u>	Adjusted Shares	<u>500,000,000.00</u>
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Issued and fully paid:

188,985,390	Adjusted Shares	1,889,853.90
<u>944,926,950</u>	Offer Shares	<u>9,449,269.50</u>

<u>1,133,912,340</u>	Shares in total	<u>11,339,123.40</u>
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All the existing Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. The Offer Shares (when allotted, fully paid or credited as fully paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Offer Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company did not have any outstanding warrants, options or securities convertible into Shares.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

Director's and chief executive's interests in the Company

As at the Latest Practicable Date, none of the Directors or chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules to be notified to the Company and the Stock Exchange.

Interests and short positions of substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, the following persons (other than the Directors and the chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, details of which are set out as follows:

Long positions in the Shares

Name of Shareholder	Nature of interests	Number of Shares interested	Approximate percentage of the issued share capital of the Company as enlarged by the issue of the Offer Shares
The Underwriter	Beneficial owner	994,926,950	83.33%
Galaxy Sky Investments Limited	Interest in controlled corporation	994,926,950	83.33%
Kingston Capital Asia Limited	Interest in controlled corporation	994,926,950	83.33%
Kingston Financial Group Limited	Interest in controlled corporation	994,926,950	83.33%
Active Dynamic Limited	Interest in controlled corporation	994,926,950	83.33%
Ms. Chu Yuet Wah	Interest in controlled corporation	994,926,950	83.33%

Note: The 944,926,950 Shares are the Offer Shares which the Underwriter is interested under the Underwriting Agreement on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer. The Underwriter is a wholly-owned subsidiary of Galaxy Sky Investments Limited, which is wholly owned by Kingston Capital Asia Limited. Kingston Capital Asia Limited is wholly owned by Kingston Financial Group Limited. Active Dynamic Limited owns 42.90% interest in Kingston Financial Group Limited. Ms. Chu Yuet Wah owns 100% interest in Active Dynamic Limited.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, any interests or short positions in the shares, debentures or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Company or had any options in respect of such Shares.

4. DIRECTORS' INTERESTS IN CONTRACT AND ASSETS

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 30 June 2014 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

6. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) are contracts which have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

- (a) the Underwriting Agreement;

- (b) the underwriting agreement (the “**2014 Underwriting Agreement**”) dated 21 January 2014 and entered into between the Company and the Underwriter in relation to the offer for subscription for 1,574,878,250 offer shares on the basis of five (5) offer shares for every one (1) then existing share at the subscription price of HK\$0.12 per offer share (the “**2014 Open Offer**”). Dealings in the offer shares commenced on the Stock Exchange at 9:00 a.m. on 17 April 2014. Details of the 2014 Open Offer were set out in the circular of the Company dated 25 February 2014 and the 2014 Open Offer prospectus of the Company dated 26 March 2014;
- (c) the side letter supplemental to the 2014 Underwriting Agreement dated 11 February 2014 and entered into between the Company and the Underwriter to reflect the revised timetable of the 2014 Open Offer;
- (d) the placing agreement entered into between the Company and the Underwriter as Placing Agent (the “**Placing Agent**”) on 9 December 2013 pursuant to which the Placing Agent agreed to place, on a best effort basis, up to 52,490,000 Shares at a price of HK\$0.32 per Share. The placing was completed on 17 December 2013 and a total of 52,490,000 Shares were placed. Details of the placing were set out in the announcement of the Company dated 9 December 2013;
- (e) the placing agreement entered into between the Company and the Placing Agent on 27 May 2013 pursuant to which the Placing Agent agreed to place, on a best effort basis, a maximum of 75,000,000 Shares at a price of HK\$0.30 per Share. The placing was completed on 9 August 2013 and a total of 75,000,000 Shares were placed. Details of the placing were set out in the circular of the Company dated 10 June 2013; and
- (f) the placing agreement entered into between the Company and the Placing Agent on 7 March 2013 pursuant to which the Placing Agent agreed to place, on a best effort basis, up to 31,240,000 Shares at a price of HK\$0.40 per Share. The placing was completed on 20 March 2013 and a total of 31,240,000 Shares were placed. Details of the placing were set out in the announcement of the Company dated 7 March 2013.

7. LITIGATION

No member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

8. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors, proposed directors or any of their respective associates had any interest in business which competes with or may compete with the business of the Group.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts who have been named in this circular or have given opinions, letter or advice contained in this circular:

Name	Qualification
BDO Limited	Certified Public Accountants
Nuada Limited	a corporation licensed under the SFO to conduct type 6 (advising on corporate finance) regulated activity as defined under the SFO

As at the Latest Practicable Date, none of the above experts had any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts had any interest, direct or indirect, in any assets which since 30 June 2014, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.

10. MISCELLANEOUS

- (a) Ms. Chan Kam Yee, Shirley, the company secretary of the Company, is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a certified public accountant of the Hong Kong Institute of Certified Public Accountants.
- (b) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE OPEN OFFER

Registered office	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
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
Authorised representatives	Mr. Chau Lai Him and Ms. Chan Kam Yee, Shirley No. 7, 2nd Floor Kingsford Industrial Centre 13 Wang Hoi Road Kowloon Bay Kowloon Hong Kong
Company secretary	Ms. Chan Kam Yee, Shirley
Underwriter	<i>Kingston Securities Limited</i> Suite 2801, One International Finance Centre 1 Harbour View Street, Central Hong Kong
Legal advisers to the Company in respect of the Open Offer	As to Bermuda law: <i>Conyers Dill & Pearman</i> 2901 One Exchange Square 8 Connaught Place Central, Hong Kong As to Hong Kong law: <i>Michael Li & Co</i> 19th Floor, Prosperity Tower No. 39 Queen's Road Central Central, Hong Kong
Auditor and Reporting accountants	<i>BDO Limited</i> 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	<i>Nuada Limited</i> United 1805–08, 18th Floor OfficePlus@Sheung Wan 93–103 Wing Lok Street Sheung Wan, Hong Kong
Principal share registrar and transfer office in Bermuda	<i>MUFG Fund Services (Bermuda) Limited</i> The Belvedere Building 69 Pitts Bay Road Pembroke HM08 Bermuda
Branch share registrar and transfer office in Hong Kong	<i>Tricor Secretaries Limited</i> Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal banker	<i>Bank of China Limited</i> No. 72, Guantai Road, Dongguan, Guangdong, China <i>China CITIC Bank Corporation Limited</i> 1st Floor, Nan Feng Center, Hongfu Road Nan Cheng District, Dongguan, Guangdong China <i>DBS Bank (Hong Kong) Limited</i> 16th Floor, The Center 99 Queen's Road Central, Central, Hong Kong
Stock code	1166
Website	http://www.1166hk.com

12. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$7 million, which are payable by the Company.

13. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

(a) Name and address of Directors

Name	Address
<i>Executive Directors</i>	
Mr. Chau Lai Him	No. 7, 2nd Floor Kingsford Industrial Centre 13 Wang Hoi Road Kowloon Bay Kowloon Hong Kong
Mr. Zhou Jin Hua	No. 7, 2nd Floor Kingsford Industrial Centre 13 Wang Hoi Road Kowloon Bay Kowloon Hong Kong
Mr. Liu Dong Yang	No. 7, 2nd Floor Kingsford Industrial Centre 13 Wang Hoi Road Kowloon Bay Kowloon Hong Kong
Mr. Buyan-Otgon Narmandakh	No. 7, 2nd Floor Kingsford Industrial Centre 13 Wang Hoi Road Kowloon Bay Kowloon Hong Kong

Name	Address
<i>Independent non-executive Directors</i>	
Mr. Chung Kam Kwong	No. 7, 2nd Floor Kingsford Industrial Centre 13 Wang Hoi Road Kowloon Bay Kowloon Hong Kong
Mr. Lo Wai Ming	No. 7, 2nd Floor Kingsford Industrial Centre 13 Wang Hoi Road Kowloon Bay Kowloon Hong Kong
Mr. Lo Chao Ming	No. 7, 2nd Floor Kingsford Industrial Centre 13 Wang Hoi Road Kowloon Bay Kowloon Hong Kong

(b) Profiles of Directors*Executive Directors*

Mr. CHAU Lai Him, aged 63, is the chairman and managing Director of the Group and the founder of the Group. Mr. Chau has been appointed as an executive Director since November 1996. He is responsible for the overall management, strategic planning and business development of the Group. He has more than 30 years' experience in the cable and wire industry and extensive experience in the mining industry.

Mr. ZHOU Jin Hua, aged 57, joined the Group in 1986 and is the deputy chairman of the Company and the general manager of the Group's Dongguan manufacturing facilities. Mr. Zhou has been appointed as an executive Director since November 1996. He is responsible for the day-to-day operations of the Group's Dongguan manufacturing facilities including production, sales and marketing and business development. He has more than 25 years' experience in the manufacturing of cable and wire products.

Mr. LIU Dong Yang, aged 40, joined the Group in September 1995 and has been appointed as an executive Director since January 2010. Mr. Liu is the deputy general manager of Shanghai Chau's Electrical Company Limited and is responsible for the financial matters for the trading and manufacturing operations in PRC. He holds a college diploma in international finance from Hunan Finance and Economics College, and a bachelor degree in business administration from the distance education college of Renmin University of China. He has more than 15 years' experience in finance and accounting.

Mr. BUYAN-OTGON Narmandakh, aged 40, has been appointed as an executive Director since July 2010 and has focused on resources and investments and finance in Mongolia. He holds a diploma in accounting from the Mongolian State University of Agriculture, a graduate diploma in public administration from the Government of Mongolia Academy of Management and a degree of M.B.A. in accounting from the National University of Mongolia. He has extensive experience in banking and finance in Mongolia.

Independent Non-executive Directors

Mr. CHUNG Kam Kwong, aged 57, has been appointed as an independent non-executive Director since March 2003. Mr. Chung is a practising Certified Public Accountant in Hong Kong, a fellow certified public accountant of the Hong Kong Institute of Certified Public Accountants, a member of CPA Australia and a supervisory council member of the Macau Society of Certified Practising Accountants. He holds a bachelor degree in economics from the University of Hull, United Kingdom and a post graduate diploma of financial management from the University of New England, Australia. Mr. Chung has extensive experience in accounting and financial management and is an independent non-executive director of Truly International Holdings Limited (stock code: 732) which is listed on the main board of the Stock Exchange.

Mr. LO Wai Ming, Paulus, aged 63, has been appointed as an independent non-executive Director since January 2000. Mr. Lo is the president of Greater China Asset Management Limited. He is also the director and general manager of SW China Strategic Holdings Limited. He has over 30 years' extensive experience in capital investment, consumer marketing, infrastructure investment and management, business development and corporate finance. He holds a bachelor degree in Social Sciences (Hons) and a master degree in business administration from the Chinese University of Hong Kong. He is a fellow of the Chartered Institute of Marketing and the Chartered Management Institute of the United Kingdom.

Mr. LO Chao Ming, aged 50, has been appointed as an independent non-executive Director since November 2006. He is the general manager of Sunf Pu Technology Co., Ltd., a company incorporated in Taiwan, Republic of China. He has more than 25 years' experience in the cable and wire industry.

(c) **Profiles of senior management**

Ms. LAM Sui Lan, Miranda, aged 45, rejoined the Group in March 2004 and is the assistant to the managing director of Chau's Electrical Company Limited ("**Chau's**"). She holds a bachelor degree of arts, major in business administration from the University of Northumbria at Newcastle, the United Kingdom and a higher diploma in business studies from the City University of Hong Kong. She has more than 15 years' experience in sales and marketing in the field of cable and wire products.

Mr. CHAU Chi Ho, aged 33, rejoined the Group in August 2010. He is the finance manager of Chau's and is a director of Santai Electronics Limited ("**Santai**"). He is responsible for accounting and financial management of Chau's and Santai and their subsidiaries in Dongguan. He holds a bachelor degree in Business Administration from the California State Polytechnic University Pomona, United States and has extensive experience in auditing, finance and accounting experience. He is the son of Mr. Chau Lai Him, the executive Director of the Company.

Mr. SHIU Sin Hang, aged 29, joined the Group in January 2014 and is the accounting manager of Chau's and is responsible for accounting and financial management. He holds a bachelor degree of Commerce (Honors) in Accounting from the Hong Kong Shue Yan University. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and has more than 6 years' experience in auditing, finance and accounting experience.

Mr. ZHOU Qi Qin, aged 51, joined the Group in November 1988 and is the operations manager of Dongguan Qiaozi Chau's Electrical Co., Ltd ("**Dongguan Qiaozi**"). He is responsible for the production operations of the Dongguan Qiaozi manufacturing facilities. He has more than 25 years' experience in manufacturing management.

Mr. YUEN Hoi Cheung, aged 47, joined the Group in March 1985 and is the operations manager of Dongguan Hua Yi Brass Products Co., Ltd ("**Dongguan Hua Yi**"). He is responsible for materials control, production planning, purchasing, warehouse management and customer services of the Dongguan Hua Yi manufacturing facilities. He has more than 25 years' experience in operations management.

14. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (other than Saturdays, Sundays and public holidays) at the office of the Company at No. 7, 2nd Floor, Kingsford Industrial Centre, 13 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association of the Company and the Bye-Laws;
- (b) the 2014/15 interim results announcement of the Company for the six months ended 31 December 2014 and the annual reports of the Company for the years ended 30 June 2012, 2013 and 2014;
- (c) the letter issued by the reporting accountants regarding the unaudited pro forma financial information as set out in appendix II of this circular;
- (d) the written consent referred to in the paragraph headed “Experts and Consents” in this appendix;
- (e) the letter from the Independent Board Committee;
- (f) the letter from Independent Financial Adviser;
- (g) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix; and
- (h) this circular.



SOLARTECH INTERNATIONAL HOLDINGS LIMITED

蒙古礦業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1166)

NOTICE IS HEREBY GIVEN that a special general meeting (“**SGM**”) of Solartech International Holdings Limited (the “**Company**”) will be held at No. 7, 2nd Floor, Kingsford Industrial Centre, 13 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong at 10:00 a.m. on Wednesday, 1 April 2015 for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments as resolutions of the Company:

SPECIAL RESOLUTION

1. “**THAT** subject to and conditional upon (i) the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) of the listing of, and permission to deal in, the Adjusted Shares (as defined below) and (ii) the compliance by the Company with the relevant procedures and requirements under the laws of Bermuda and the Rules Governing the Listing of Securities on the Stock Exchange to effect the Capital Reorganisation (as defined below), with effect from the next business day following the passing of this resolution by the shareholders of the Company:
 - (a) every ten (10) existing issued and unissued ordinary shares of par value HK\$0.01 each in the share capital of the Company be consolidated into one (1) ordinary share of par value HK\$0.10 (the “**Consolidated Share(s)**”) (the “**Share Consolidation**”);
 - (b) the existing issued share capital of the Company be reduced by the cancellation of (i) the paid-up capital of the Company to the extent of HK\$0.09 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share be reduced from HK\$0.10 to HK\$0.01, and (ii) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation (the “**Capital Reduction**”);
 - (c) each of the authorised but unissued Consolidated Shares of HK\$0.10 each be subdivided into ten (10) ordinary shares of HK\$0.01 each (the “**Adjusted Share(s)**”) (the “**Share Subdivision**”);

* For identification purposes only

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- (d) the credit arising from the Capital Reduction be transferred to the contributed surplus account of the Company and any director of the Company (the “**Director**”) be and is hereby authorised to apply all or any amount from time to time standing to the credit of the contributed surplus account of the Company to set off against the accumulated losses of the Company in such manner as he considers appropriate and as permitted under the laws of Bermuda and the bye-laws (the “**Bye-laws**”) of the Company (the “**Elimination of Accumulated Losses**”); and
- (e) any Director be and is hereby authorised to do all such acts and things and to execute all documents as he considers necessary, desirable or expedient to give effect to the Capital Reorganisation (as defined below) and the transactions contemplated thereunder.”

For the purpose of this special resolution, “**Capital Reorganisation**” means the proposed reorganisation of the capital of the Company by way of (i) the Share Consolidation, (ii) the Capital Reduction, (iii) the Share Subdivision and (iv) the Elimination of Accumulated Losses.

ORDINARY RESOLUTION

2. “**THAT**

- (a) subject to the passing of the special resolution no. 1 as set out in this notice of the SGM and conditional upon fulfillment of the conditions of the Underwriting Agreement (as defined below), the Open Offer (as defined below) and the transactions contemplated thereunder be and are hereby approved;

For the purpose of this resolution, “**Open Offer**” means the proposed issue by way of open offer of 944,926,950 Adjusted Shares (the “**Offer Share(s)**”) at an offer price of HK\$0.20 per Offer Share to the qualifying shareholders (the “**Qualifying Shareholders**”) of the Company whose names appear on the date by reference to which entitlement under the Open Offer will be determined (other than those shareholders (the “**Non-Qualifying Shareholders**”) with registered addresses outside Hong Kong whom the Directors, after making relevant enquiry, consider their exclusion from the Open Offer to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) in the proportion of five (5) Offer Shares for every one (1) Adjusted Share then held and otherwise pursuant to and subject to the fulfillment of the conditions set out in the underwriting agreement (the “**Underwriting Agreement**”, a copy of which has been produced to the SGM marked “A” and signed by the chairman of the SGM for the purpose of identification) dated 6 February 2015 entered into between the Company and Kingston Securities Limited as underwriter (the “**Underwriter**”);

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- (b) any Director be and is hereby authorised to allot and issue the Offer Shares pursuant to and in connection with the Open Offer notwithstanding the same may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors be and are hereby authorised to make such exclusions or other arrangements in relation to fractional entitlements and/or Non-Qualifying Shareholders, if any, as they deem necessary, desirable or expedient having regard to any restrictions or obligations under the Bye-Laws or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong;
- (c) the entering into the Underwriting Agreement and the transactions contemplated thereunder (including but not limited to the arrangements for taking up of the unsubscribed Offer Shares, if any, by the Underwriter) be and are hereby approved, confirmed and ratified;
- (d) the absence of arrangements for application for the Offer Shares by the Qualifying Shareholders in excess of their entitlements under the Open Offer be and are hereby approved, confirmed and ratified; and
- (e) any Director be and is hereby authorised to sign and execute such documents (whether under common seal of the Company or not) and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated under the Underwriting Agreement, as he may in his absolute discretion consider necessary, desirable or expedient to give effect to the Underwriting Agreement, the Open Offer and the transactions contemplated thereunder, including but not limited to the allotment and issue of Offer Shares and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole."

For and on behalf of the Board of
Solartech International Holdings Limited
CHAU Lai Him
Chairman and Managing Director

Hong Kong, 9 March 2015

NOTICE OF SGM

Registered office:
Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

*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

Notes:

- (1) A member entitled to attend and vote at the SGM is entitled to appoint one or more (if he holds more than one share) proxies to attend and, subject to the provisions of the bye-laws of the Company, vote instead of him. A proxy needs not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed. In order to be valid, the form of proxy duly completed and signed in accordance with the instruction stated thereon must be deposited with the head office and principal place of business of the Company in Hong Kong at No. 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 SGM or any adjournment thereof.
- (2) For determining the qualification as members of the Company to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 30 March 2015 to Wednesday, 1 April 2015, both days inclusive, during which period no transfer of shares will be registered. In order to be qualified as members to attend and vote at the SGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 27 March 2015.
- (3) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney or other person duly authorised.
- (4) Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the SGM or any adjournment thereof and in such event, the form of proxy shall be deemed to be revoked.
- (5) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company.
- (6) As at the date of this notice, the executive Directors are Messrs. Chau Lai Him, Zhou Jin Hua, Liu Dong Yang and Buyan-Otgon Narmandakh and the independent non-executive Directors are Messrs. Chung Kam Kwong, Lo Wai Ming and Lo Chao Ming.