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## **SOLARTECH INTERNATIONAL HOLDINGS LIMITED**

**星凱控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1166)**

### **VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF 100% EQUITY INTEREST OF DONGGUAN HUA YI BRASS PRODUCTS CO., LTD.\***

#### **THE DISPOSAL**

On 20 November 2024 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company), the Purchaser, the Target Company, the Vendor's Guarantors, and the Purchaser's Guarantor entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, 100% equity interest of the Target Company, for a consideration of RMB70,000,000 (equivalent to HK\$77,000,000) in cash.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## GENERAL

A SGM will be convened and held for the Shareholders to consider and, if thought fit, approve, the Equity Transfer Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, no Shareholders have a material interest in the Disposal and accordingly, no Shareholders are required to abstain from voting in respect of the ordinary resolution to approve the Disposal at the SGM. To the best of the knowledge, information and belief of the Directors having made all enquiries, the Purchaser, the Purchaser's Guarantor and its associates do not have any interests in the issued share capital of the Company.

A circular containing, among others, (i) further details of the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) a notice of the SGM will be despatched to the Shareholders as soon as practicable, which is expected to be on or before 23 December 2024 to allow sufficient time for the preparation of the relevant financial information for inclusion in the circular.

**As Completion is subject to the fulfilment of the conditions precedent in the Equity Transfer Agreement, the Disposal may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## THE DISPOSAL

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## THE EQUITY TRANSFER AGREEMENT

### Date

20 November 2024

### Parties

- |               |   |   |
|---------------|---|---|
| (a) Vendor    | : | Modern China Enterprises Limited (華洋企業有限公司), an indirect wholly-owned subsidiary of the Company |
| (b) Purchaser | : | Dongguan Yinhua Industrial Investment Co., Ltd.* (東莞市銀華實業投資有限公司), an Independent Third Party    |

- (c) Target Company : Dongguan Hua Yi Brass Products Co., Ltd.\* (東莞華藝銅業有限公司), an indirect wholly-owned subsidiary of the Company
- (d) Vendor's Guarantors : (i) The Company
- (ii) Chau's Electrical (B.V.I.) Co., Ltd. (周氏電業(海外)有限公司), an indirect wholly-owned subsidiary of the Company
- (iii) Mr. Chau Lai Him (周禮謙)
- (iv) Mr. Chau Chi Ho (周志豪)
- (e) Purchaser's Guarantor : Mr. Fang Yanjun (房燕軍)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser, its ultimate beneficial owners and the Purchaser's Guarantor are Independent Third Parties.

### **Assets to be disposed of**

The assets to be disposed of under the Equity Transfer Agreement are 100% equity interest of the Target Company.

### **Consideration**

Pursuant to the Equity Transfer Agreement, the Consideration is RMB70,000,000, and shall be settled by cash in the following manner:

- (a) RMB30,000,000, as prepayment, shall be paid by the Purchaser to the Vendor within seven (7) working days after the signing of the Equity Transfer Agreement; and
- (b) RMB40,000,000, being the balance of the Consideration, shall be paid by the Purchaser to the Vendor within seven (7) working days from the date of Completion.

The Consideration was determined after arm's length negotiations between the Company and the Purchaser after taking into account of (a) the preliminary valuation of 100% equity interest of the Target Company made by Peak Vision Appraisals Limited, an independent valuer (the "**Valuer**"), as at 31 October 2024 of approximately RMB76,500,000 (equivalent to HK\$84,150,000); (b) the current condition of the industrial property market in the PRC; and (c) other factors as set out in the paragraph headed "Reasons for and Benefits of the Disposal" of this Announcement.

## **Board's assessment on the valuation of the equity interest of the Target Company**

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Company is not aware of any relationships or interests between the Valuer and the Group, the Purchaser, or any of their respective substantial shareholders, directors or chief executives, or of their respective associates that could reasonably be regarded as relevant to the independence of the Valuer. Apart from normal professional fees payable to the Valuer in connection with the valuation, no arrangement exists whereby the Valuer will receive any fees or benefits from the Company, the Purchaser, or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, and the Company is not aware of the existence of or change in any circumstances that would affect their independence. The Valuer has confirmed to the Company of their independence. Accordingly, the Directors considered that the Valuer is eligible to independently perform the valuation.

In assessing the basis of the consideration in respect of the Disposal, the Company has engaged the Valuer to appraise the value of the entire equity interest of the Target Company (the “**Business Valuation**”). The Business Valuation is prepared by Mr. Nick C. L. Kung. Mr. Nick C. L. Kung is a RICS Registered Valuer and a Registered Professional Surveyor (General Practice) who has over 20 years of experience in the valuation of properties in Hong Kong and abroad.

The Valuer has performed site inspections of the property in November 2024 and had discussion with the management of the Company on the operating status, development and financial position of the Target Company. The Valuer has also reviewed the breakdown of the balance sheet items in the course of the Business Valuation.

As advised by the Valuer, they have relied on the information provided by the management of the Company in arriving at the opinion of value, of which, they are not in the position to verify the accuracy of information provided to them by the management of the Company. Apart from the above, there is no specific limitation in the course of the Business Valuation apart from general limiting conditions adopted in business valuation.

The major documents and information relied upon by the Valuer in the Business Valuation include: (i) the financial information of the Target Company as provided by the management of the Company; (ii) the operational information of the Target Company as discussed with the management of the Company; and (iii) the legal opinion and title documents regarding the title to the Property, its site and floor areas of the Property. Further, the Valuer has basically relied on the financial information of the Target Company as at the valuation date to perform the Business Valuation. A summary of the preliminary Business Valuation is set out on page 6 of this announcement.

According to the preliminary Business Valuation, the appraised asset value of the Target Company as at 31 October 2024 was approximately RMB76,500,000 (equivalent to HK\$84,150,000) using the asset-based approach.

With regard to the valuation of the equity interest of the Target Company, the Board understands from the Valuer that the asset-based approach is the most appropriate valuation approach to value the equity interest because (i) as at 31 October 2024, the Target Company was a property investment company holding the Property (details of which are disclosed in the paragraph headed “Information on the Target Company” below); and (ii) apart from property investment, the Target Company does not have any other operations after cessation of its trading of copper products.

In this valuation, the income approach is not suitable because (i) value of an investment holding company is more closely tied to the value of its underlying investment rather than its income generating capabilities. As such, the asset-based approach which sums the market value of its investment can provide a more accurate valuation; and (ii) income of an investment holding company is volatile, and preparing long-term forecasts for an investment holding company involves a high level of uncertainty in earnings estimates and underlying assumptions.

The market approach is not suitable as there are insufficient relevant comparable transactions or comparable companies with identical investment portfolio to form a reliable basis for the Valuer’s opinion of value.

The Board considers the assumptions adopted by the Valuer to be reasonable. In arriving at its appraisal result, the Valuer had, among others, assumed that:

- (a) For the Target Company to continue as a going concern, the Target Company will successfully carry out all necessary activities for the development of its business.
- (b) Market trends and conditions where the Target Company operates will not deviate significantly from the economic forecasts in general.
- (c) The financial information of the Target Company as supplied to the Valuer has been prepared in a manner which truly and accurately reflects the financial performances and positions of the Target Company as at the respective financial statement dates.
- (d) There will be no material changes in the business strategy of the Target Company and its operating structure.
- (e) Interest rates and exchange rates in the localities for the operations of the Target Company will not differ materially from those presently prevailing.
- (f) All relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where the Target Company operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated.
- (g) There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the Target Company operates or intends to operate, which would adversely affect the revenues and profits attributable to the Target Company.

The valuation of the entire equity interest of the Target Company is summarised below:

	<b>Book value as at 31 October 2024</b>	<b>Changes</b>	<b>Appraised value</b>
	<i>RMB (Note 1)</i>	<i>RMB</i>	<i>RMB (Note 1)</i>
Property (Note 2)	273,400,000	–	273,400,000
Bank loan	(103,000,000)	–	(103,000,000)
Other payables and retention payables	(73,400,000)	–	(73,400,000)
Other assets and liabilities	(20,500,000)	–	(20,500,000)
Inter-company current accounts (Note 3)	(168,900,000) (Note 4)	168,900,000	–
<b>100% equity interest of the Target Company</b>	<b>(92,400,000)</b>		<b>76,500,000</b>

Notes:

- Figures above are subject to rounding.
- Given that the Property is held for investment by the Target Company, the value of the Property has been adjusted to its fair value in the management accounts of the Target Company, which is based on the investment method. The investment method, also known as “term and reversion” method, estimates the value of the property by capitalising the rental income on a fully leased basis having regard to the current passing rental income. In this method, the total rental income is divided into the term rental income and the reversionary rental income. The term value involves the capitalisation of the current rental income over the existing lease term. The reversionary value is taken to be current market rental income upon the expiry of the lease and is capitalised on a fully leased basis and is discounted back to the valuation date.
- As confirmed by the management of the Company, the inter-company current accounts will be waived by the respective inter-companies prior to the Completion, and given that the inter-company current accounts will be waived, the Valuer has excluded the inter-company current accounts in the Business Valuation.
- The book value of the inter-company current accounts increased to approximately RMB168,900,000 as at 31 October 2024 from RMB159,681,018 as at 30 June 2024.

The inter-company current accounts (as more particularly described in the paragraph headed “Financial Effect of the Disposal on the Group” below) has also been considered by the Valuer in the Business Valuation.

Having considered and taking into account (i) the fact that the Business Valuation has been prepared in compliance with applicable valuation procedures and standards by the Valuer; (ii) that the Valuer had reviewed relevant financial information, operational information and other relevant data concerning the Target Company; (iii) the reasons for the adoption of the asset-based approach for the valuation of the entire equity interest of the Target Company; (iv) the methodologies and assumptions adopted by the Valuer; (v) the scope of the valuation and the valuation results; and (vi) the factors as indicated in the paragraph headed “Reasons for and Benefits of the Disposal” below, the Directors consider that the appraisal results reflected the value of the entire equity interest of the Target Company and are fair and reasonable.

The Board has noted that the Consideration, being RMB70,000,000, represents a discount of approximately 8.50% to the appraised value under the Business Valuation. The Directors are of the view that the Consideration is fair and reasonable having considered the prevailing market sentiment of the property market in the PRC.

### **Conditions precedent**

Completion of the Disposal is conditional upon the fulfilment of the following conditions:

- (a) the Company having published an announcement in relation to the Equity Transfer Agreement and the transactions contemplated thereunder pursuant to the requirements of the Listing Rules;
- (b) the Company having obtained its Shareholders' approval for the Disposal pursuant to the requirements of the Listing Rules and obtained other approvals and consent necessary for the Disposal, and the Disposal having been in compliance with all applicable requirements of the Listing Rules; and
- (c) all of the Vendor, the Purchaser, the Target Company and the Company having obtained all government or regulatory consent, permit and approval necessary for the Equity Transfer Agreement and the transactions contemplated thereunder.

If any of the conditions precedent are not satisfied on or before the Long Stop Date, the Purchaser shall have the right to terminate and rescind the Equity Transfer Agreement. Under such circumstances, the Vendor and the Target Company shall jointly refund all amounts paid by the Purchaser to the Purchaser within seven (7) days after the date of rescission of the Equity Transfer Agreement.

Completion of the Disposal shall take place subject to the satisfaction of all the conditions precedent of the Disposal on or before the Long Stop Date. On the date of Completion, the following procedures for delivery of the 100% equity interest of the Target Company shall be completed by the Vendor and the Target Company:

- (i) registration of the change of 100% equity interest of the Target Company with the relevant authorities;
- (ii) registration of changes in the legal representative, directors, supervisors, managers and financial officers of the Target Company with the relevant authorities;
- (iii) dismissal of all employees of the Target Company;
- (iv) paying off all taxes (including late fees and fines, but excluding those otherwise stipulated), operating debts and expenses owed by the Target Company;



- (v) transfer of all original documents and materials of the Target Company to the Purchaser; and
- (vi) publication of all announcements and obtaining all resolutions related to the Equity Transfer Agreement and the transactions contemplated thereunder, as well as all relevant consent and approval procedures.

## **Guarantee**

Pursuant to the Equity Transfer Agreement, (a) the Vendor's Guarantors agreed to provide a joint and several guarantee in favour of the Purchaser for the performance of the obligations, responsibilities, representations, warranties, and commitments of the Vendor and the Target Company under the Equity Transfer Agreement; and (b) the Purchaser's Guarantor agreed to provide guarantee in favour of the Vendor for the performance of the obligations of the Purchaser under the Equity Transfer Agreement.

## **Termination**

If the Vendor fails to satisfy the conditions precedent and complete the delivery of the equity interest on or before the Long Stop Date, the Vendor shall pay the Purchaser a fund possession fee calculated at an annual interest rate of 15% on the Consideration amount already paid by the Purchaser from the date of delay (the "**Fund Possession Fee**"). If the delay of Completion is more than 60 days, the Purchaser shall have the right to terminate the Equity Transfer Agreement, and require the Vendor and the Target Company to return all the Consideration amount already paid, together with payment of the Fund Possession Fee, and liquidated damages of RMB10,000,000.

If the Property and other real estate are subject to material restrictions on rights, or the rights are reclaimed, or Vendor or the Target Company is unable to continue exercising the rights due to agreements signed or events occurred before the date of Completion, then the Purchaser shall have the right to terminate the Equity Transfer Agreement, and require the Vendor and the Target Company to jointly refund to the Purchaser all the Consideration amount already paid, as well as the Fund Possession Fee, and jointly pay the Purchaser liquidated damages of RMB10,000,000. As at the date of this announcement, no such agreements have been signed and no such events have occurred that will restrict the Vendor or the Target Company from continuously exercising their rights, thereby allowing the Purchaser to terminate the Equity Transfer Agreement.

The Purchaser shall pay the Consideration in accordance with the schedule set out in the paragraph headed "Consideration" above and in full. If the Purchaser is late in payment, the Purchaser shall pay a penalty to the Vendor at an annual interest rate of 15% on the overdue amount for each day of delay. If the delay exceeds 15 days, the Vendor shall have the right to terminate the Equity Transfer Agreement, and the Purchaser shall immediately transfer the Target Company's equity interest back to the Vendor (if any), and pay the Vendor the aforesaid penalty as well as liquidated damages of RMB10,000,000.



## INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company established under the laws of the PRC on 28 December 1995. It is principally engaged in trading of copper products and property holding. As at the date of this announcement, the Target Company is wholly owned by the Vendor and is an indirect wholly-owned subsidiary of the Company.

The Target Company owns the land use right of a parcel of the land which is situated at Songbai Tang Village, Changping Town, Dongguan City, Guangdong Province, the PRC (中國廣東省東莞市常平鎮松柏塘村), pursuant to the State-owned Land Use Rights Certificate (Dong Fu Guo Yong (2014) No. Te 24 (東府國用(2014)第特24號). The land, with a registered site area of 102,050 sq. m., is stipulated for industrial use. The Target Company has been granted the land use right of the land until 2055. Several factory buildings (collectively, the “**Industrial Complex**”) are erected on the land, with total gross floor area of 74,752.4 sq. m. Phase I-A of the Industrial Complex includes 1 block of 1-storey ancillary workshop and 2 blocks of 1 to 2-storey ancillary warehouses, having a total gross floor area of approximately 3,446.34 sq. m. Phase I-B of the Industrial Complex includes 5 blocks of 6-storey factory buildings and 1 block of 1-storey with 1-level basement equipment room with a total gross floor area of approximately 71,306.06 sq. m. Currently, (i) Phase I-B and certain portion of Phase I-A of the Industrial Complex, with gross floor area of 71,306.06 sq. m. and 1,300 sq. m. respectively, have been leased to two Independent Third Parties for industrial use until 2036 and 2024, respectively, at the total current monthly rent of RMB1,045,286.73 (exclusive of tax); and (ii) the remaining portion of Phase I-A of the Industrial Complex, with gross floor area of 2,146.34 sq. m., is being occupied by the Group as a backup warehouse on a rent-free basis which has been left vacant. The remaining portion of the land is a vacant site which has been planned for constructing new factory buildings.

The audited financial information of the Target Company for the years ended 30 June 2023 and 2024, which has been prepared in accordance with accounting principles generally accepted in Hong Kong, is summarised as follows:

	For the year ended 30 June	
	2023	2024
	RMB	RMB
Profit/(loss) before taxation	7,827,710	(60,778,943)
Profit/(loss) after taxation	4,104,442	(48,869,592)

As at 30 June 2024, the Target Company had an audited consolidated net liabilities of approximately RMB84,397,968.

The significant loss for the year ended 30 June 2024 was mainly due to the loss resulting from change in fair value of investment property in the amount of RMB47,637,402. For the year ended 30 June 2023, the Target Company recorded a profit of RMB4,104,442, largely driven by a fair value gain on investment property of RMB14,893,071. However, if excluding these fair value gains, the Target Company would have reported a net loss.

Save as the licence to occupy part of Phase I-A of the Industrial Complex, there are no intra-group transactions between the Group and the Target Company.

## FINANCIAL EFFECT OF THE DISPOSAL ON THE GROUP

Based on the existing information available to the Company, the expected gain arising from the Disposal to be recognised by the Group in its consolidated income statement is estimated at approximately RMB28,719,979 (equivalent to approximately HK\$31,591,977), the basis of which is set out below:

	<i>RMB</i>
Net liabilities of the Target Company as at 30 June 2024	(84,397,968)
Waiver of the inter-company current accounts (as at 30 June 2024)	<u>159,681,018</u>
<b>Net assets after waiver of the inter-company current accounts</b>	<b>75,283,050</b>
Consideration	<u>70,000,000</u>
<b>Loss before release of cumulative exchange reserves</b>	<b>(5,283,050)</b>
Release of cumulative exchange reserves	<u>34,003,029</u>
<b>Gain on Disposal</b>	<b><u><u>28,719,979</u></u></b>

The inter-company current accounts was the accumulated balances with the group entities for operational purpose since the incorporation of the Target Company. Waiver of the inter-company current accounts has already been considered in the above calculation and it will not have further impact on the consolidated financial statements of the remaining Group.

The cumulative exchange reserves were merely the cumulative translation difference of RMB to HK\$ since the incorporation of the Target Company. Amount of approximately HK\$36,519,201.62 of the exchange was released during the Disposal.

The above calculation and accounting treatment are subject to review by the auditors of the Group. The actual financial effect on the Group arising from the Disposal to be recorded in the Group's consolidated accounts will be recalculated based on the net asset value of the Target Company as at the date to which completion accounts are drawn up.

## **USE OF PROCEEDS**

It is expected that the aggregate net proceeds of the Disposal, after deducting transaction costs and expenses, will be approximately RMB68,500,000 (equivalent to HK\$75,350,000). The Company intends to apply the net proceeds of the Disposal in the following manner:

- (i) RMB60,000,000 will be applied by April 2025 to repay two outstanding bank loans totaling approximately RMB98,700,000, with one loan due in April 2025 and the other due in August 2025; and
- (ii) RMB8,500,000 will be applied by February 2025 as general working capital of the Group.

## **INFORMATION ON THE GROUP AND THE VENDOR**

The Group is principally engaged in the cables and wires business, copper rod business, property investment business and holding of mining rights.

The Vendor is a company incorporated in Hong Kong with limited liability. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

## **INFORMATION ON THE VENDOR'S GUARANTORS**

The Company is an investment holding company incorporated in Bermuda with limited liability.

Chau's Electrical (B.V.I.) Co., Ltd. (周氏電業(海外)有限公司) is a limited liability company incorporated in the British Virgin Islands. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in property holding.

Mr. Chau Lai Him (周禮謙) is the chairman and an executive Director of the Company, and the sole director of the Vendor.

Mr. Chau Chi Ho (周志豪) is the deputy chairman and an executive Director of the Company. He is the beneficial owner of approximately 1.67% of the Company's issued share capital.

## **INFORMATION ON THE PURCHASER AND THE PURCHASER'S GUARANTOR**

The Purchaser is a limited liability company established under the laws of the PRC on 17 October 2024. It is principally engaged in investment, property management, property leasing, and business management. The equity interest of the Purchaser is owned as to 30% by Dongguan Hong An Industrial Holding Co., Ltd.\* (東莞市弘安實業控股有限公司) (a company established under the laws of the PRC, which is owned as to 83.5% by Mr. Chen Xin (陳欣) and 16.5% by Mr. Luo Dirui (羅帝銳)), 20% by the Purchaser's Guarantor, 20% by Mr. Ye Xuqiang (葉旭強), 20% by Sheng Chuan (Dongguan) Investment Co., Ltd.\* (昇創(東莞市)投資有限公司) (a company established under the laws of the PRC, which is owned as to 97% by Mr. Liang Yusheng (梁裕升) and 3% by Mr. Li Shaohua (李少華)) and 10% by Mr. Lu Guojie (盧國杰), all of the above individuals are private investors and are Independent Third Parties.

The Purchaser's Guarantor is a PRC citizen and private investor.

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

As disclosed in the annual report of the Company for the year ended 30 June 2024, the Company recorded net current liabilities amounted to approximately HK\$46 million. The Group has implemented a prudent financial management policy and continues to derive its working capital from different means, including sale of non-core assets to improve its financial position.

The local real estate market has been adversely impacted by the economic uncertainty over the past few years, resulting in lower transaction volume and liquidity in the recent period. The Group had been offering to lease out or sell the Property since the completion of the construction work for Phase I-B in 2023. It was only until July 2024 that the Group was able to secure a tenancy agreement in relation to Phase I-B with the tenant, and among five other potential purchasers who had approached the Group, the Purchaser is the only willing purchaser who expressed an interest in acquiring the Target Company and the underlying Property on reasonable terms. Furthermore, under the relevant construction land use planning permit, the Group is obliged to construct Phase II of the Industrial Complex, which requires the Group's further capital commitment in the expected amount of approximately RMB260,000,000, inevitably imposing a financial burden on the Group. Coupled with the lower demand for industrial properties in the city as perceived by the Group, as well as the anticipated construction costs of Phase II of the Industrial Complex, the Directors believe that the Property may not be able to generate favourable future rental returns. As a result, the Directors consider that it would be more prudent to consolidate the Group's resources in managing and maintaining its other properties in the portfolio. Given the Group only occupies a portion of the Industrial Complex as a backup warehouse which is currently vacant and the Group has other warehouses in Guangdong Province that can serve as substitutes, the Disposal will not affect the Group's operations. By relieving the burden of further capital and resource commitments required for the future development of Phase II of the Industrial Complex after the Disposal, the Disposal represents a valuable opportunity for the Group to realise the Property and obtain immediate cash flow to satisfy its financial needs amid the prevailing uncertain economic condition.

Having considered the above, the Directors are of the view that the Disposal would allow the Group to save considerable amount of maintenance and development costs, mitigate the risks of the real estate market, improve its liquidity and financial condition, and re-allocate its financial resources to better uses. Accordingly, the Directors consider that (i) the Disposal and the transactions contemplated under the Equity Transfer Agreement are on normal commercial terms; (ii) the terms of the Equity Transfer Agreement, which are determined after arm's length negotiations between the parties, are fair and reasonable; and (iii) the Disposal is in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

A SGM will be convened and held for the Shareholders to consider and, if thought fit, approve, the Equity Transfer Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, no Shareholders have a material interest in the Disposal and accordingly, no Shareholders are required to abstain from voting in respect of the ordinary resolution to approve the Disposal at the SGM. To the best of the knowledge, information and belief of the Directors having made all enquiries, the Purchaser, the Purchaser's Guarantor and its associates do not have any interests in the issued share capital of the Company.

A circular containing, among others, (i) further details of the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) a notice of the SGM will be despatched to the Shareholders as soon as practicable, which is expected to be on or before 23 December 2024 to allow sufficient time for the preparation of the relevant financial information for inclusion in the circular.

**As Completion is subject to the fulfilment of the conditions precedent in the Equity Transfer Agreement, the Disposal may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Solartech International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange (stock code: 1166)
“Completion”	completion of the Disposal pursuant to the terms of the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB70,000,000, being the consideration for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire equity interest in the Target Company by the Vendor
“Equity Transfer Agreement”	the equity transfer agreement dated 20 November 2024 and entered into among the Vendor, the Purchaser, the Target Company, the Vendor’s Guarantors and the Purchaser’s Guarantor in relation to the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) and their ultimate beneficial owner(s) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	within 120 days after signing the Equity Transfer Agreement or such later date as the Vendor and the Purchaser may agree
“PRC”	the People’s Republic of China which, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	a parcel of the land which is situated at Songbai Tang Village, Changping Town, Dongguan City, Guangdong Province, the PRC (中國廣東省東莞市常平鎮松柏塘村), together with several factory buildings erected on the land
“Purchaser”	Dongguan Yinhua Industrial Investment Co., Ltd.* (東莞市銀華實業投資有限公司), a company established under the laws of the PRC with limited liability
“Purchaser’s Guarantor”	Mr. Fang Yanjun (房燕軍)
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Equity Transfer Agreement and the transactions contemplated thereunder
“Share(s)”	the ordinary share(s) of HK\$0.2 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“sq. m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Dongguan Hua Yi Brass Products Co., Ltd.* (東莞華藝銅業有限公司), a company established under the laws of the PRC with limited liability
“Vendor”	Modern China Enterprises Limited (華洋企業有限公司), a company incorporated in Hong Kong with limited liability



“Vendor’s Guarantors” collectively, the Company, Chau’s Electrical (B.V.I.) Co., Ltd. (周氏電業(海外)有限公司), Mr. Chau Lai Him (周禮謙) and Mr. Chau Chi Ho (周志豪)

“%” per cent

*In this announcement, if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of names or any descriptions in Chinese which are marked with “\*” is for identification purpose only.*

*For the purpose of this announcement, the translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 = HK\$1.10*

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

Hong Kong, 20 November 2024

*As at the date of this announcement, the executive Directors are Mr. Chau Lai Him, Mr. Chau Chi Ho and Mr. Liu Dong Yang and the independent non-executive Directors are Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming.*

\* For identification purposes only