

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA TECHNOLOGY SOLAR POWER HOLDINGS LIMITED
中 科 光 電 控 股 有 限 公 司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8111)

SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO
ACQUISITION OF THE REMAINING 40% EQUITY INTEREST IN
TIANJIN HENGQING
AND
ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

Reference is made to the announcement issued by the Company dated 20 December 2019 (the “**Announcement**”) in relation to, among other things, the acquisition of the remaining 40% equity interest in Tianjin Hengqing. Unless otherwise specified, capitalised terms used herein shall have the same meanings as defined in the Announcement.

The Board would like to provide the following supplemental information in relation to the Acquisition.

ULTIMATE BENEFICIAL OWNER OF THE VENDOR

As disclosed in the Announcement, the Vendor is 天津市新慶光伏科技有限公司 (Tianjin Xinqing Solar Photovoltaic Technology Company Limited*), an investment holding company established in the PRC with limited liability. The Vendor is a substantial shareholder of Tianjin Hengqing, which is an indirect 60%-owned subsidiary of the Company. Accordingly, the Vendor is a connected person of the Company at subsidiary level under the GEM Listing Rules.

The Vendor is wholly owned by 石家莊匯日新能源科技有限公司(Shijiazhuang Hui Ri New Energy Technology Limited*), which is in turn held as to 95% equity interest by 河北國之通投資有限公司(Hebei Guozhitong Investment Limited*) (“**Hebei Guozhitong**”), a company established in the PRC with limited liability, and 5% equity interest by Li Xiaoyan* (李曉豔) (“**Ms. Li**”). Hebei Guozhitong is ultimately held as to 95% equity interest by Ms. Li and 5% equity interest by Chi Hontao* (池洪濤) (“**Mr. Chi**”) respectively. Each of Ms. Li and Mr. Chi is an individual residing in the PRC.

INFORMATION OF TIANJIN HENGQING

In addition to the financial information of Tianjin Hengqing disclosed in the Announcement, the unaudited net assets value of Tianjin Hengqing as at 31 October 2019 was RMB35,236,648.54.

VALUATION APPROACH

As disclosed in the Announcement, the independent valuer, Flagship Appraisals and Consulting Limited (the “**Independent Valuer**”), has adopted (i) cost approach for the valuation of Tianjin Hengqing and (ii) market approach for the valuation of Xizang Lineng, a wholly-owned subsidiary of Tianjin Hengqing.

In the course of the valuations of Tianjin Hengqing and Xizang Lineng, the Independent Valuer has reviewed the management financial information of the subject under valuation, the audited financial statements of Xizang Lineng and the group structure of the companies, and held discussions with the management of Xizang Lineng to understand its business operations. The Independent Valuer has considered three commonly adopted valuation approaches, namely, cost approach, market approach and income approach, and determined that the cost approach is appropriate for the valuation of Tianjin Hengqing and the market approach is appropriate for the valuation of Xizang Lineng due to the difference in the nature of their respective operating activities.

As disclosed in the Announcement, Xizang Lineng's principal business involves the processing and sales of solar equipment, wind power-related business operations, and provision of related technical support services, and therefore, the value of Xizang Lineng would largely depend on the economic benefits it derive from its business operations. As Xizang Lineng's mode of operation is project-based, for which its customers would invite Xizang Lineng to participate in their projects, the Independent Valuer considers it appropriate not to rely on projections of financial performance. Accordingly, having taken into account the nature of Xizang Lineng's operating activities and operating model and given that the Independent Valuer has been provided with audited financial information of Xizang Lineng, the Independent Valuer took the view that the market approach of Xizang Lineng should be adopted for the valuation of Xizang Lineng. In the market approach, the value of Xizang Lineng is derived from the financials of the company, as adjusted by a multiple that is calculated by reference to the share value and pricing multiples of a number of comparable listed companies in the same or similar industry as Xizang Lineng, which is considered to be an objective reflection of the value an investor is willing to attach to companies in that industry.

Tianjin Hengqing is an investment holding company and does not have its own business operations. Accordingly, it derives its values from the equity interests it holds, including the entire equity interests of Xizang Lineng and does not have any intangible assets not being recorded on its balance sheet. The Independent Valuer is of the view that the net asset value of Tianjin Hengqing is an appropriate proxy of its value, and therefore, the cost approach, which anchors the value of a company on its net asset value, is the appropriate valuation method. The valuation of Tianjin Hengqing is conducted based on the investment cost in Xizang Lineng, as adjusted by the fair value of Xizang Lineng, the valuation of which is described as aforementioned. The Independent Valuer also considered the marketability of the equity interests asset based on size of the equity interest, asset size, and revenue and net profit contributed by Xizang Lineng.

As disclosed in the Announcement, the Consideration has been arrived at with reference to such valuation of 40% of the equity interests of Tianjin Hengqing.

* *For identification purposes only*

By Order of the Board
China Technology Solar Power Holdings Limited
Chiu Tung Ping
Chairman

Hong Kong, 30 December 2019

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Chiu Tung Ping (*Chairman*)

Yuen Hing Lan

Hu Xin

Tse Man Kit Keith

Independent non-executive Directors:

Ma Xingqin

Meng Xianglin

Dong Guangwu

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 announcement 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 document misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and on the Company’s website at www.chinatechsolar.com.