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SOLUTECK HOLDINGS LIMITED

一創科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8111)

**MAJOR TRANSACTION
IN RELATION TO
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
CHINA TECHNOLOGY SOLAR POWER HOLDINGS LIMITED
INVOLVING THE ISSUE OF CONSIDERATION SHARES AND
THE CONVERTIBLE BONDS UNDER SPECIFIC MANDATE
INCREASE IN AUTHORISED SHARE CAPITAL
AND
RESUMPTION OF TRADING**

Financial adviser

VEDA | CAPITAL

智 略 資 本

THE AGREEMENT

The Board is pleased to announce that further to the Memorandum as announced on 15 October 2010, on 13 December 2010, the Purchaser, a wholly owned subsidiary of the Company, the Company, the Vendor and the Guarantors, entered into the Agreement to formalize the intended acquisition of the Sale Shares. Pursuant to the Agreement, the Vendor agreed conditionally to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of HK\$292,000,000 (subject to adjustment as detailed in the paragraph headed "Profit Guarantee" in this announcement), which will be satisfied (i) as to HK\$31,200,000 by payment of a refundable Deposit; (ii) as to HK\$31,200,000 by payment of cash; (iii) as to HK\$66,500,000 by issue of the 133,000,000 Consideration Shares at the Issue Price of HK\$0.5 per Share; (iv) as to HK\$113,100,000 by issue of the Tranche I Convertible Bonds with the Conversion Price of HK\$0.5 per Conversion Share and upon the full exercise of conversion right attaching thereto, 226,200,000 Conversion Shares will be issued; and (v) as to HK\$50,000,000 by issue of the Tranche II Convertible Bonds with a conversion price of HK\$0.5 per Conversion Share and upon the full exercise of conversion right attaching thereto, 100,000,000 Conversion Shares will be issued.

Upon Completion, the Target Group shall become a wholly-owned subsidiary of the Company and the Group shall be assumed to pay the outstanding registered capital of the PRC Subsidiary of the Target Group in the amount of US\$5,999,050.

INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorized share capital of the Company is HK\$100,000,000 divided into 1,000,000,000 Shares, of which 737,192,072 Shares have been issued. In order to accommodate the future expansion and growth of the Group as well as the issue of the Consideration Shares and the Conversion Shares, the Board proposes to increase the authorized share capital of the Company from HK\$100,000,000 divided into 1,000,000,000 Shares at HK\$0.10 per Share, to HK\$250,000,000 divided into 2,500,000,000 Shares at HK\$0.10 per Share, by creation of additional 1,500,000,000 unissued Shares. The proposed increase in authorised share capital of the Company is conditional on the Completion and the passing of an ordinary resolution by the Shareholders at the EGM.

SPECIFIC MANDATE TO ISSUE NEW SHARES

A specific mandate for the issue up to 459,200,000 new Shares will be sought in the EGM to cater for the issue of the Consideration Shares and the Conversion Shares.

GENERAL

As the relevant percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules. The Agreement and the transactions contemplated thereunder, including the issue of Consideration Shares, the issue of the Convertible Bonds and the Conversion Shares in relation thereto, the grant of a specific mandate to issue Consideration Shares and Conversion Shares and the proposed increase in authorized share capital of the Company, shall be subject to the approval of the Shareholders by way of poll at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the parties acting in concert with the Vendor in aggregate held 34,000,000 Shares, representing approximately 4.61% of the issued share capital of the Company. Accordingly, parties acting in concert with the Vendor are required to abstain from voting in respect of the proposed ordinary resolutions at the EGM.

A circular containing further details in respect of, among other things, the Agreement and the transactions contemplated thereunder (including the issue of Consideration Shares, the issue of the Convertible Bonds and the Conversion Shares in relation thereto, the grant of a specific mandate to issue Consideration Shares and Conversion Shares and the proposed increase in authorized share capital of the Company), the financial information of the Target Group, the notice of the EGM and other information as required under the GEM Listing Rules, will be dispatched to the Shareholders on or before 28 January 2011.

RESUMPTION OF TRADING

Trading of Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 14 December 2010 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 15 December 2010.

The Board is pleased to announce that further to the Memorandum as announced on 15 October 2010, on 13 December 2010, the Purchaser, a wholly owned subsidiary of the Company, the Company, the Vendor and the Guarantors, entered into the Agreement to formalize the intended acquisition of the Sale Shares. The particular terms and conditions of the Agreement are summarized as follows:

THE AGREEMENT

Date: 13 December 2010

Parties: (i) Purchaser

City Max International Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company.

(ii) Company

(iii) Vendor

Good Million Investments Limited, a company incorporated in the BVI with limited liability.

(iv) Guarantors

Mr. Chiu Tung Ping and Ms. Yuen Hing Lan, the ultimate beneficial owners of the Vendor holding 70% and 30% of the interest in the Vendor respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners, being the Guarantors, is an Independent Third Party.

Assets to be acquired

Pursuant to the Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, free from encumbrance but together with all rights attached or accruing thereto.

Upon Completion, the Target Company shall become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the accounts of the Group.

Consideration

The Consideration of HK\$292,000,000 (subject to adjustment as detailed in the paragraph headed “Profit Guarantee” in this announcement) shall be settled in the following manners:

- (i) as to HK\$31,200,000 by payment of the refundable Deposit to the Vendor (or its nominee(s)) by the Purchaser within seven Business Days after the signing of the Agreement;
- (ii) as to HK\$31,200,000 by payment of cash to the Vendor by the Purchaser (or its nominee(s)) upon Completion;
- (iii) as to HK\$66,500,000 by issue of 133,000,000 Consideration Shares at the Issue Price of HK\$0.5 per Share to the Vendor (or its nominee(s)) by the Company upon Completion;
- (iv) as to HK\$113,100,000 by issue of the Tranche I Convertible Bonds in the principal amount of HK\$113,100,000 with the Conversion Price of HK\$0.5 per Conversion Share to the Vendor (or its nominee(s)) by the Company upon Completion; and
- (v) as to HK\$50,000,000 by issue of the Tranche II Convertible Bonds in the principal amount of HK\$50,000,000 with the Conversion Price of HK\$0.5 per Conversion Share to the Vendor (or its nominee(s)) by the Company upon Completion. The Tranche II Convertible Bonds shall be held under escrow pursuant to an escrow agent agreement to be executed by the Purchaser and the Vendor for the purpose of effectuating the downward adjustment of Consideration in the event that the Profit Guarantee could not be achieved. Further details are set out in the paragraph headed “Profit Guarantee” below in this announcement.

The principle terms of the Convertible Bonds are summarized in the section headed “Convertible Bonds” below in this announcement.

The Consideration was determined after arm’s length negotiations between the Company, the Purchaser and the Vendor, having taken into account of (i) the Profit Guarantee; (ii) the mechanism for the downward adjustment of the principal amount of the Tranche II Convertible Bonds in the event that the Profit Guarantee could not be achieved; (iii) the favourable price earnings multiple of the Consideration of approximately 9.73 times as compared with those of the comparable companies in the industry of solar energy as at the date of the Agreement based on the respective earnings for their latest financial years; and (iv) the future prospects and growing demand of solar energy in the PRC.

In addition, the Consideration was also determined with reference to the obligation of the Group to pay the outstanding registered capital of the PRC Subsidiary of the Target Group. As at the date of this announcement, the registered capital of the PRC Subsidiary is in the amount of US\$9,000,000, of which US\$3,000,950 had been paid up, whilst US\$900,000 will be due on 29 April 2011, US\$900,000 will be due on 29 April 2012 and the remaining sum shall be paid up within 36 months from the date of the issue of its business license, i.e. 29 July 2009. The Vendor and Guarantors have jointly and severally undertaken to the Purchaser and the Company that if any outstanding registered capital of the PRC Subsidiary becomes due before the Completion takes place, the Vendor shall obtain all necessary PRC governmental approvals to extend the relevant due payment date to a new deadline falling on a date after the Completion. As such, the Group shall be assumed to pay the outstanding registered capital of the PRC Subsidiary of the Target Group in the amount of US\$5,999,050 after Completion.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms of the Agreement including the Consideration are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Consideration Shares

The Consideration Shares represent (i) approximately 18.04% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 15.28% of the issued share capital of the Company as enlarged by the Consideration Shares; and (iii) approximately 11.12% of the issued share capital of the Company as enlarged by the Consideration Shares and Conversion Shares upon the conversion right attaching to the Convertible Bonds being exercised in full. The Consideration Shares, when allotted and issued shall rank pari passu in all respects with all other Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

The Consideration Shares will be allotted and issued under a specific mandate to be sought from the Shareholders at the EGM.

Convertible Bonds

Issuer:	the Company
Principal amount:	Tranche I Convertible Bonds – HK\$113,100,000
	Tranche II Convertible Bonds – up to HK\$50,000,000
Issue date:	date of the Completion

- Maturity:** 10 years from the date of issue of the Convertible Bond(s) and the Company shall repay such principal moneys outstanding under the Convertible Bonds together with all interest (if any) thereon up to the date of actual repayment on the maturity date
- Redemption:** The Company shall be entitled to redeem in whole or in part of the outstanding principal amount of the Convertible Bond(s) prior to the maturity date upon mutual consent by the Company and the relevant Bondholders
- Conversion rights:** The Bondholder(s) shall have the right to convert the whole or part of the principal amount of the Convertible Bond(s) into Shares at any time and from time to time during the Conversion Period in amounts of not less than HK\$1 million and in integral multiples of HK\$1 million on each conversion, save that if at any time, the principal outstanding amount of the Bonds is less than HK\$1 million, the whole (but not part only) of the principal outstanding amount of the Convertible Bonds may be converted.
- The Bondholder(s) shall not have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds into Shares to the extent that immediately after such conversion:
- (a) there will not be sufficient public float of the Shares as required under the GEM Listing Rules; and
 - (b) the Bondholder(s) whether alone or together with parties acting in concert with it would be obliged to make a general offer under Takeovers Code in force from time to time
- Conversion period:** a period commencing from (i) if the Lock-up Period is applicable pursuant to the Agreement, the date immediately following the expiry of the Lock-up Period and ending on the maturity date; or (ii) if the Lock-up Period is not applicable pursuant to the Agreement, the issue date of the Convertible Bond(s) and ending on the maturity date
- Conversion Price:** the initial conversion price of HK\$0.5 per Conversion Share, subject to the customary adjustments in certain events including share consolidation, share sub-division, capitalisation issue, capital distribution, rights issue and issue of other securities
- Interest:** The Convertible Bonds bear no interest

Ranking: The Convertible Bonds constitute general, unconditional, and unsecured obligations of the Company and rank pari passu with all other present and future unsecured and unsubordinated obligations of the Company

The Conversion Shares will rank pari passu in all respects with all other existing Shares outstanding at the date of conversion of the Convertible Bonds

Transferability: The Convertible Bonds or any part(s) thereof may be assigned or transferred to any persons provided that no transfer or assignment may be made to any person unless such transfer or assignment is made (i) with prior approval of the Stock Exchange, if required; (ii) to a person who is independent of and not a connected person with the Company or any of its subsidiaries, the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; (iii) the proposed assignee or transferee, in the case that it/he/she is not a connected person, has given the Company a written confirmation that it/he/she is not a connected person (as defined under the GEM Listing Rules) of the Company; (iv) the principal amount to be assigned or transferred is at least HK\$1 million or an integral multiple of HK\$1 million; and (v) if applicable, after the expiry of the Lock-up Period

Voting: The Bondholders will not be entitled to attend or vote at any meetings of the Company by reason only they being the Bondholders

Listing: The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange

Upon Completion, the Tranche II Convertible Bonds shall be held under escrow pursuant to an escrow agent agreement to be executed by the Purchaser and the Vendor for the purpose of effectuating the downward adjustment of Consideration in the event that the Profit Guarantee could not be achieved. Further details are set out in the paragraph headed “Profit Guarantee” below in this announcement. In this regard, the conversion right, transfer right, redemption right and right under events of default contemplated under the Tranche II Convertible Bonds shall not be exercisable during the Lock-up Period. Meanwhile, the Tranche I Convertible Bonds are not subject to such restrictions.

Pursuant to the terms and conditions of each of the Convertible Bonds (without taking into account of any adjustment of the Consideration in the event that the Profit Guarantee could not be achieved), up to a total of 326,200,000 Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bonds at the Conversion Price, representing (i) approximately 44.25% the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 30.68% of the issued share capital of the Company as enlarged by the

Conversion Shares upon the Convertible Bonds being exercised in full; and (iii) approximately 27.27% of the issued share capital of the Company as enlarged by the Consideration Shares and Conversion Shares upon the Convertible Bonds being exercised in full. The Conversion Shares, when allotted and issued shall rank pari passu in all respects with all other Shares in issue on the date of allotment and issue of the Conversion Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

The Conversion Shares will be allotted and issued under a specific mandate to be sought from the Shareholders at the EGM.

Issue Price and Conversion Price

The Issue Price per Consideration Share and Conversion Price of the Convertible Bonds of HK\$0.5 represents:

- a discount of approximately 5.66% to the closing price of HK\$0.53 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a discount of approximately 3.1% to the average of the closing prices of approximately HK\$0.516 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day; and
- a discount of approximately 0.79% to the average of the closing prices of approximately HK\$0.504 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to and including the Last Trading Day.

The Issue Price and Conversion Price were arrived at after arm's length negotiations amongst the Company, the Purchaser and the Vendor with reference to the prevailing market price of the Shares.

The Directors (including the independent non-executive Directors) consider that the issue of the Consideration Shares and the Convertible Bonds as partial consideration for the Acquisition is fair and reasonable and in the interest of the Company and the Shareholders as a whole, as it will release pressure on the cash resource on the Company, which can otherwise be utilized for the Group's general working capital and for further development of the Group's businesses.

Conditions precedent

Completion is conditional upon fulfillment of the following conditions:

- (a) the passing by the Shareholders at the EGM of the necessary resolutions approving the Agreement and the transactions contemplated thereunder including but not limited to the purchase of the Sale Shares, the issue of the Consideration Shares and Convertible Bonds pursuant to the Agreement in accordance with the GEM Listing Rules;

- (b) the passing by the Shareholders at the EGM of the necessary resolutions approving the proposed increase in share capital of the Company from HK\$100,000,000 to HK\$250,000,000;
- (c) the granting of the approval of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and Conversion Shares and such listing and permission not subsequently being revoked prior to the Completion;
- (d) the Company and the Purchaser having obtained all consents (where required) from the relevant governmental or regulatory authorities for approving the Agreement and the transactions contemplated thereunder;
- (e) the Vendor having obtained all consents (where required) from the relevant governmental or regulatory authorities for approving the Agreement and the transactions contemplated thereunder;
- (f) the Purchaser having obtained a disclosures letter from the Vendor in respect of the representations and warranties given by the Vendor and the Guarantors under the Agreement, and having completed the due diligence exercise on the assets and liabilities, business operation, tax issues, books and accounting records and other legal issues relating to the Target Group and the results of which being found satisfactory to the Purchaser;
- (g) the Purchaser having obtained the PRC legal opinion to be issued by the qualified PRC legal advisers in respect of the matters regarding the Agreement and the transactions contemplated thereunder and relating to the Target Group on the shareholdings, valid existence, business, tax issue, assets legality, environmental protection, approvals and licences, and in such form and substance to the satisfaction of the Purchaser;
- (h) the Vendor having provided to the Purchaser (a) a legal opinion from the BVI legal advisers in respect of the matters relating to the Target Company, the Agreement and the transactions contemplated thereunder, and in such form and substance to the satisfaction of the Purchaser; (b) a certificate of good standing and a certificate of incumbency of the Target Company, the issue date of which shall not be earlier than 10 business days before Completion;
- (i) the Purchaser having obtained from the Vendor and the Guarantors the deed of indemnity in respect of the tax and other liabilities of the Target Group arisen from the businesses and activities of the Target Group prior to the Completion, the content of which shall be agreeable to the Purchaser;
- (j) the entering into the escrow agreement among the Purchaser, the Vendor and the escrow agent in respect of holding the Tranche II Convertible Bonds under escrow pursuant to the Agreement; and

- (k) there not having been at any time prior to the Completion:–
- (i) any adverse change in the business, assets, financial or operating conditions of the Target Group, which would be material to the Agreement and the transactions contemplated thereunder in the reasonable opinion of the Purchaser;
 - (ii) the occurrence of any investigation, litigation, arbitration, allegations or other legal proceedings in effect, pending or threatened against the Target Group before any court, tribunal, arbitration tribunal or governmental authority of competent jurisdiction, which would be material to the Agreement and the transactions contemplated thereunder in the reasonable opinion of the Purchaser;
 - (iii) the occurrence of any event or the existence of any circumstance which would render any of the warranties of the Vendor and the Guarantors as set out in the Agreement untrue or inaccurate in any material respect, which would likely involve an material adverse change in the assets, operating or financial conditions of the Target Group in the reasonable opinion of the Purchaser; and
 - (iv) any proposed enactment, promulgation or enforcement by any authority of any ordinances, rules, orders, judgments, notices or awards, which prohibits, restricts or materially delay the completion of the Agreement and the transactions contemplated thereunder.

The Purchaser may waive the conditions (f) to (i) and (k) (i) to (iii) set out above at any time by notice in writing to the Vendor. Save as aforesaid, no other conditions precedent can be waived by any party.

The above conditions shall be fulfilled or waived (as the case maybe) on or before the Long Stop Date (save that condition (j) could be fulfilled simultaneously with the Completion), failing which, the Agreement shall automatically terminate and none of the parties to the Agreement shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties under the Agreement (save for any antecedent breaches of the terms thereof) and the Vendor shall refund the Deposit to the Purchaser or the Company within five business days upon the Purchaser having made the request in writing.

Completion

Completion will take place on the fifth Business Day (or such other date as the Vendor and the Purchaser may agree in writing) after all the conditions (save that condition (j) could be fulfilled simultaneously with the Completion) have been fulfilled or waived (as the case maybe).

Pursuant to the Agreement, the Guarantors shall procure the Vendor to release and provide the Purchaser and the Company with the Completion Accounts as prepared in accordance with Hong Kong Financial Reporting Standards within three months upon Completion. In the event that the net asset value of the Target Group as shown in the Completion Accounts is less than that of the audited consolidated accounts of the Target Group as at 30 September 2010 by 10% or above, the Vendor shall pay to the

Purchaser the net asset value difference on a dollar-on-dollar basis within five business days upon the Purchaser having made the request in writing.

Upon Completion, the Target Group will become a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company.

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 Consideration Shares and Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

PROFIT GUARANTEE

Pursuant to the Agreement, the Vendor and the Guarantors have guaranteed to the Purchaser and the Company that the audited consolidated net profit after tax of the Target Group incurred in the ordinary course of business for the 12 months ending 31 March 2012 shall not be less than HK\$30,000,000.

The audited consolidated accounts of the Target Group for the 12 months ending 31 March 2012 shall be prepared by the auditors of the Company in accordance with Hong Kong Financial Reporting Standards and shall be completed within three months after 31 March 2012.

In the event that the above Profit Guarantee could not be achieved, the Consideration shall be adjusted downward by reducing the principal amount of the Tranche II Convertible Bonds in accordance with the following formula:

The adjusted principal amount of the Tranche II Convertible Bonds

$$= \frac{\text{the original principal amount HK\$50,000,000 of}}{\text{The Tranche II Convertible Bonds}} \times \frac{\text{actual net profit}}{\text{Profit Guarantee amount HK\$30,000,000}}$$

Upon Completion, the Tranche II Convertible Bonds shall be held under escrow pursuant to an escrow agent agreement to be executed by the Purchaser and the Vendor for the purpose of effectuating the downward adjustment of Consideration in the event that the Profit Guarantee could not be achieved.

Subject to the terms and conditions of the escrow agreement, the escrow agent will release the Tranche II Convertible Bonds within 7 Business Days after the completion of the audited consolidated accounts of the Target Group for the 12 months ending 31 March 2012. For the avoidance of doubt, save and except for the adjustment mechanism as illustrated above, no additional compensation will be provided by the Vendor to the Purchaser and the Company simply because that the Target Group is unable to achieve the Profit Guarantee or suffers any losses for the 12 months ending 31 March 2012.

INFORMATION OF THE TARGET GROUP

The Target Company was incorporated in the BVI in January 2009 with limited liability. The Target Company is an investment holding company and is entirely and beneficially owned by the Vendor.

The PRC Subsidiary is wholly-owned by the Target Company and was established in the PRC in July 2009 with limited liability. The PRC Subsidiary is principally engaged in the business of power generation and the related power system integration for solar energy and biomass energy in the PRC:

Solar energy power generation

Grid connected solar energy power system converts solar energy into electricity and transfer the electrical power through inverter directly to the connected grid, instead of going through the storage in batteries. Such technology signifies a new development in solar energy.

Biomass power generation

Biomass power generation includes agricultural biomass power generation, garbage power generation and biomass gas power generation.

Related power system integration

System integration, being guided by the science of system engineering, involves selection of the right mix of technologies and products in order to connect individual sets of sub-systems and construct a complete set of reliable, economically beneficial and effective system. System integration aims at tasks management and coordination to enhance maximization of productivity as a whole. The Target Group act as the solar energy and biomass power station system integrator providing solar energy and biomass power generation system solutions through system integration.

The Target Group has recorded net loss before and after tax of both approximately HK\$2,152,000 for the period from 1 January 2010 to 30 September 2010 and net loss before and after tax of both approximately HK\$1,888,000 for the period from the date of incorporation 9 January 2009 to 31 December 2009. As at 30 September 2010, the Target Group has a net asset value of approximately HK\$19,988,000.

REASONS FOR THE PROPOSED ACQUISITION

The Group specializes in the provision of implementation and upgrading of self-service automatic teller machine systems, banking and other related equipment, application hardware and software, technical support and consultancy services to commercial banks and postal bureaus in the PRC.

According to the 2010 Global Report on Renewable Energy published by Renewable Energy Policy Network for the 21st Century, solar energy is the fastest growing power generation technology in the world. Between year 2004 and year 2009, solar energy plants for the grid were growing at a pace of

60% per annum. In year 2009, approximately 7GW of capacity for the grid was added, representing an increase of 53% from that of last year and reached 21GW. The accumulated installed capacity of solar energy device in the world is currently about six times that of the end of 2004. Analysts even expect the growth rate would continue to rise in the coming four to five years.

Since 1980s, the PRC government has been supportive in the application of solar energy for demonstrative purposes. In year 2002, PRC National Development and Planning Commission launched a number of proposals aiming to solve energy supplies through the application of solar energy and small scales of wind farms systems. The relevant proposals made direct positive impacts in solar energy industry by stimulating the establishments of production lines and volume of solar battery production. The project “supplying electricity to rural areas” in year 2002-2003 had made installation of approximately 19,000 kW solar batteries. By the end of year 2005, the aggregate PRC national capacity of solar energy was approximately 70,000 kW, of which was primarily electricity supply to residences in rural areas. The PRC solar energy industry has been going through continuous development since year 2006, the volume of solar battery production was approximately 9,300MW in year 2009, accounting for more than 40% of the global volume of production. The PRC has become the first largest producer of solar battery.

In view of the abovementioned, the Directors consider the Target Group is positioned to benefit from the growing demand in energy in the PRC as well as the growing emphasis and awareness on renewable energy by the PRC government and the Acquisition is an opportunity for the Company to diversify its scope of business to enhance profitability to maximize the Shareholders’ value. As such, the Directors (including the independent non-executive Directors) consider that the Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that other than the Consideration Shares and the Conversion Shares, no Share will be issued or purchased by the Company after the date of this announcement and up to date of full exercise of the conversion right attaching to the Convertible Bonds, the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon issue of Consideration Shares; (iii) upon issue of Consideration

Shares and full conversion of the Tranche I Convertible Bonds; and (iv) upon issue of Consideration Shares and full conversion of the Tranche I Convertible Bonds and the Tranche II Convertible Bonds are set out as below:

	As at the date of this announcement		Upon issue of Consideration Shares		Upon issue of Consideration Shares and full conversion of Tranche I Convertible Bonds (Note 2)		Upon issue of Consideration Shares and full conversion of Tranche I Convertible Bonds and Tranche II Convertible Bonds (Note 2)	
	Number of Shares	approximate %	Number of Shares	approximate %	Number of Shares	approximate %	Number of Shares	approximate %
Hou Hsiao Bing (Note 1)	131,150,000	17.79%	131,150,000	15.07%	131,150,000	11.96%	131,150,000	10.96%
Hou Hsiao Wen (Note 1)	25,370,000	3.44%	25,370,000	2.92%	25,370,000	2.32%	25,370,000	2.12%
Tsou Lo Nien (Note 1)	22,390,000	3.04%	22,390,000	2.57%	22,390,000	2.04%	22,390,000	1.87%
Subtotal	178,910,000	24.27%	178,910,000	20.56%	178,910,000	16.32%	178,910,000	14.95%
Vendor and parties acting in concert with it	34,000,000	4.61%	167,000,000	19.19%	393,200,000	35.86%	493,200,000	41.23%
Public Shareholders	524,282,072	71.12%	524,282,072	60.25%	524,282,072	47.82%	524,282,072	43.82%
Total	<u>737,192,072</u>	<u>100.00%</u>	<u>870,192,072</u>	<u>100.00%</u>	<u>1,096,392,072</u>	<u>100.00%</u>	<u>1,196,392,072</u>	<u>100.00%</u>

Notes:

1. Mr. Hou Hsiao Wen and Mr. Hou Hsiao Bing are brother and are both executive Directors, Madam Tsou Lo Nien is a relative of Mr. Hou Hsiao Wen and Mr. Hou Hsiao Bing.
2. These columns are for illustrative purpose only. The Bondholder(s) shall not have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds into Shares to the extent that immediately after such conversion, the Bondholder(s) whether alone or together with parties acting in concert with it would be obliged to make a general offer under Takeovers Code in force from time to time.

INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorized share capital of the Company is HK\$100,000,000 divided into 1,000,000,000 Shares, of which 737,192,072 Shares have been issued. In order to accommodate the future expansion and growth of the Group as well as the issue of the Consideration Shares and the Conversion Shares to be issued upon the exercise of the conversion right attaching to the Convertible Bonds, the Board proposes to increase the authorized share capital of the Company from HK\$100,000,000 divided into 1,000,000,000 Shares at HK\$0.10 per Share, to HK\$250,000,000 divided into 2,500,000,000 Shares at HK\$0.10 per Share, by creation of additional 1,500,000,000 unissued

Shares. The proposed increase in authorised share capital of the Company is conditional upon, among others, the passing of an ordinary resolution by the Shareholders at the EGM.

SPECIFIC MANDATE TO ISSUE NEW SHARES

The Directors were granted a general mandate to allot and issue up to 130,478,414 Shares at the Company's general meeting on 2 September 2010 and out of which 130,400,000 Shares have been utilized under that general mandate. Upon the issue of the Consideration Shares and the full exercise of the conversion rights attaching to the Convertible Bonds (without taking into account of any adjustment of the Consideration in the event that the Profit Guarantee could not be achieved), a total of 459,200,000 new Shares are required to be allotted and issued by the Company. As such, a specific mandate for the issue of up to 459,200,000 new Shares will be sought in the EGM to cater for the issue of the Consideration Shares and the Conversion Shares.

GENERAL

As the relevant percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules. The Agreement and the transactions contemplated thereunder, including the issue of Consideration Shares, the issue of the Convertible Bonds and the Conversion Shares in relation thereto, the grant of a specific mandate to issue Consideration Shares and Conversion Shares and the proposed increase in authorized share capital of the Company, shall be subject to the approval of the Shareholders by way of poll at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the parties acting in concert with the Vendor in aggregate held 34,000,000 Shares, representing approximately 4.61% of the issued share capital of the Company. Accordingly, parties acting in concert with the Vendor are required to abstain from voting in respect of the proposed ordinary resolutions at the EGM.

A circular containing further details in respect of, among other things, the Agreement and the transactions contemplated thereunder (including the issue of Consideration Shares, the issue of the Convertible Bonds and the Conversion Shares in relation thereto, the grant of a specific mandate to issue Consideration Shares and Conversion Shares and the proposed increase in authorized share capital of the Company), the financial information of the Target Group, the notice of the EGM and other information as required under the GEM Listing Rules, will be dispatched to the Shareholders on or before 28 January 2011 as more time would be required for the preparation and compiling of financial information to be included in the circular, including accountants' report of the Target Company and indebtedness statement of the enlarged Group.

RESUMPTION OF TRADING

Trading of Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 14 December 2010 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 15 December 2010.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement dated 13 December 2010 entered into among the Purchaser, the Company, the Vendor and the Guarantors in relation to the Acquisition
“associate”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day”	any day (other than a Saturday, Sunday, a public holiday or a day on which typhoon signal no. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong) on which banks in Hong Kong are open for business
“BVI”	the British Virgin Islands
“Company”	Soluteck Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the Acquisition pursuant to the Agreement
“Completion Accounts”	the audited consolidated financial statements of the Target Group for the interim period from 1 October 2010 to the Completion Date to be provided by the Vendor to the Purchaser and the Company
“connected person(s)”	having the same meaning ascribed thereto in the GEM Listing Rules
“Consideration”	HK\$292,000,000, being the aggregate consideration for the sale and purchase of the Sale Shares (subject to adjustment as detailed in the paragraph headed “Profit Guarantee” in this announcement)

“Consideration Shares”	133,000,000 new Shares to be allotted and issued by the Company to the Vendor (or its nominee(s)) at the Issue Price in accordance with the terms and conditions of the Agreement
“Conversion Price”	the initial conversion price of HK\$0.5 per Conversion Share for the Convertible Bonds
“Conversion Share(s)”	any new Share(s) to be issued by the Company upon the Bondholder(s) exercising its/their conversion right(s) under and in accordance with the terms and conditions of the Convertible Bonds
“Convertible Bonds”	collectively the Tranche I Convertible Bonds and the Tranche II Convertible Bonds
“Deposit”	refundable deposit of HK\$31,200,000, being part payment of the Consideration
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among other things, the Agreement and the transactions contemplated thereunder, including the issue of Consideration Shares, the issue of Convertible Bonds and the Conversion Shares in relation thereto, the grant of a specific mandate to issue the Consideration Shares and the Conversion Shares, and the proposed increase in authorized share capital of the Company
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Chiu Tung Ping and Ms. Yuen Hing Lan, the ultimate beneficial owners of the Vendor holding 70% and 30% of the interest in the Vendor respectively, each of them is an Independent Third Party
“GW”	gigawatt
“HK\$” and “cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party who is independent of and not connected with the Company and the connected person of the Company
“Issue Price”	the issue price of HK\$0.5 per Consideration Share
“kW”	kilowatt(s)
“Last Trading Day”	13 December 2010, being the last trading day for the Shares prior to the publication of this announcement
“Lock-up Period”	the period during which the relevant Convertible Bonds is held under escrow and not yet released pursuant to the Agreement
“Long Stop Date”	30 June 2011, or such other date as may be agreed by the parties to the Agreement in writing
“Memorandum”	the non-legally binding memorandum of understanding dated 15 October 2010 entered into among the Purchaser, the Vendor and Mr. Chiu Tung Ping in relation to the Acquisition
“MW”	Megawatt(s)
“PRC”	the People’s Republic of China, for the purposes of this announcement and for geographical reference only, excludes Taiwan, the Macao Special Administrative Region and Hong Kong (unless otherwise indicated)
“PRC Subsidiary”	青海百科光電有限責任公司 (Qinghai Baike Solar Power Co., Ltd.*), a company established in the PRC with limited liability
“Profit Guarantee”	the profit guarantee provided by the Vendor and the Guarantor to the Purchaser and the Company in respect of the audited net profit after tax of the Target Group incurred in the ordinary course of business as shown in the audited consolidated accounts of the Target Group for the 12 months ending 31 March 2012 prepared in accordance with Hong Kong Financial Reporting Standards shall not be less than HK\$30,000,000
“Purchaser”	City Max International Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company

“Sale Shares”	2 ordinary shares of US\$1.00 each in the share capital of the Target Company, representing the entire issued share capital of the Target Company
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	China Technology Solar Power Holdings Limited, a company incorporated in the BVI with limited liability and is wholly owned by the Vendor before Completion
“Target Group”	Target Company and the PRC Subsidiary
“Tranche I Convertible Bonds”	the Convertible Bonds in the principal amount of HK\$113,100,000 to be issued by the Company to the Vendor (or its nominee(s)) upon Completion
“Tranche II Convertible Bonds”	the Convertible Bonds in the principal amount of up to HK\$50,000,000 to be issued by the Company to the Vendor (or its nominee(s)) upon Completion (subject to adjustment as detailed in the paragraph headed “Profit Guarantee” in this announcement)
“US\$”	US dollars, the lawful currency of the United States of America
“Vendor”	Good Million Investments Limited, a company incorporated in the BVI with limited liability and is wholly owned by the Guarantors
“%”	per cent

By Order of the Board
Soluteck Holdings Limited
Hou Hsiao Bing
Chairman

Hong Kong, 14 December 2010

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

Executive Directors:

Hou Hsiao Bing (*Chairman*)
Hou Hsiao Wen
Zeng Xiangyi
Wang Daling
Xu Wei

Independent non-executive Directors:

Tam Kam Biu, William
Lai Chun Hung
Zhang Dandan

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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 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 announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication.

** for identification purpose only*