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## **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)

### **PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE**

#### **The Top-up Placing Agreement**

Before the trading hours commenced on 6 December 2011, the Vendor, the Company and the Placing Agent entered into the Top-up Placing Agreement pursuant to which the Vendor has agreed to place, and the Placing Agent has agreed to procure not less than six Placees, on a best effort basis, for the purchase of up to an aggregate of 89,000,000 Placing Shares at the Placing Price of HK\$0.30 per Placing Share.

The maximum number of the Placing Shares represents (i) approximately 9.95% of the Company's existing issued share capital of 894,192,072 Shares; and (ii) approximately 9.05% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

#### **The Subscription Agreement**

Before the trading hours commenced on 6 December 2011, the Vendor and the Company entered into the Subscription Agreement pursuant to which the Vendor has agreed to subscribe for such number of Subscription Shares which is equivalent to the number of the Placing Shares placed by the Vendor, being a maximum number of 89,000,000 Subscription Shares, at the Subscription Price of HK\$0.30 per Subscription Share.

\* For identification purpose only

The Subscription is conditional upon (i) the completion of the Top-up Placing; and (ii) the Stock Exchange granting the listing of and permission to deal in the Subscription Shares. Under Rule 20.31(3)(d) of the GEM Listing Rules, the Subscription must be completed within 14 days after the date of the Top-up Placing Agreement. If completion of the Subscription does not take place within 14 days after the date of the Top-up Placing Agreement, the Subscription under the Subscription Agreement will be a connected transaction and the Company is required to comply with all the requirements in relation to connected transaction under the GEM Listing Rules.

Further announcement will be made by the Company upon completion of the Top-up Placing and the Subscription.

## **PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE**

### **THE TOP-UP PLACING AGREEMENT**

**Date:**

6 December 2011 (before trading hours commenced)

**Parties:**

The Vendor, the Company and the Placing Agent.

*The Vendor:*

Mr. Hou Hsiao Bing is a substantial shareholder and an executive Director. As at the date of this announcement, the Vendor is the beneficial owner of 131,150,000 Shares, representing approximately 14.67% of the entire issued share capital of the Company.

*Placing Agent:*

Yee On Securities Limited

The Placing Agent and its ultimate beneficial owners are Independent Third Parties and not connected with the Company and its connected persons.

The Placing Agent will be entitled to receive a placing commission of 6.0% on the gross proceeds of the actual number of the Placing Shares being placed, which was arrived at after arm's length negotiation between the Company and the Placing Agent.

**Number of Placing Shares to be placed:**

Up to 89,000,000 Shares, representing (i) about 9.95% of the Company's existing issued share capital of 894,192,072 Shares; and (ii) about 9.05% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

**Places:**

The Placing Agent agreed to place the Placing Shares, on a best effort basis, to not less than six Places who are Independent Third Parties and not connected with the Company, the Vendor, the Directors, chief executive and substantial shareholders (as those terms are defined in the GEM Listing Rules) of the Company, its subsidiaries and their respective associates (as defined in the GEM Listing Rules).

**Price:**

The Placing Price of HK\$0.30 represents (i) the closing price of HK\$0.30 per Share as quoted on the Stock Exchange on 5 December 2011, being the last full trading day immediately before the date of the Top-up Placing Agreement; and (ii) a premium of approximately 0.33% over the average closing price of HK\$0.299 per Share as quoted on the Stock Exchange for the last five trading days ended on and including 5 December 2011.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares.

**Rights:**

The Placing Shares will be sold free of any third party rights and together with all dividends and distributions declared, made or paid on or after the date of the Top-up Placing Agreement.

**Completion:**

The Top-up Placing is unconditional and completion of the Top-up Placing will take place on the Closing Date.

**Termination:**

If at any time at or prior to 9:00 a.m. (Hong Kong time) on the Closing Date:

- (i) in the reasonable opinion of the Placing Agent there shall have been since the date of the Top-up Placing Agreement such a change in national or international financial, political or economic or market (including stock market) conditions or taxation or currency exchange or exchange controls as would be likely to be materially adverse to the success of the Top-up Placing; or

- (ii) any breach of any of the representations and warranties set out in the Top-up Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Top-up Placing Agreement and prior to the Closing Date which if it had occurred or arisen before the date of the Top-up Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Vendor of any other provision of the Top-up Placing Agreement; or
- (iii) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Top-up Placing; or
- (iv) any new law or regulation or any change or development involving a prospective change in existing laws and regulations in any relevant jurisdiction which in the reasonable opinion of the Placing Agent has or is likely to have a material adverse effect on the financial position of the Company and/or of the Group as a whole; or
- (v) any suspension of dealings in the Shares for any period of three consecutive business days or more (other than as a result of the Top-up Placing); or
- (vi) any outbreak or escalation of hostilities or act of terrorism involving Hong Kong or the PRC or the declaration by Hong Kong or the PRC of a national emergency or war; or
- (vii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the Closing Date;

then and in any such case, the Placing Agent may terminate the Top-up Placing Agreement without liability to the Company and/or to the Vendor by giving notice in writing to the Vendor, provided that such notice is received prior to 12:00 noon on the Closing Date.

## **THE SUBSCRIPTION AGREEMENT**

### **Date:**

6 December 2011 (before trading hours commenced)

### **Parties involved:**

The Company and the Vendor

### **Number of new Shares subscribed for:**

The number of Subscription Shares is equivalent to the number of the Placing Shares, placed by the Vendor, being a maximum number of 89,000,000 Subscription Shares (nominal value being HK\$8,900,000).

**Subscription Price:**

The Subscription Price is HK\$0.30 per Subscription Share. The Subscription Price is the same as the Placing Price and was determined after arm's length negotiation between the Company and the Vendor with reference to the Placing Price.

The Company will pay the costs and expenses of the Subscription, and will repay to the Vendor his costs and expenses of the Top-up Placing. Assuming 89,000,000 Subscription Shares are being subscribed by the Vendor, the gross proceeds and net proceeds from the Subscription to be received by the Company will be HK\$26,700,000 and approximately HK\$24.6 million respectively. The net price to the Company of each Subscription Share under Subscription is approximately HK\$0.276.

The Directors are of the view that the Subscription Price is fair and reasonable.

**Ranking:**

The Subscription Shares, when fully paid, will rank pari passu in all respects with the existing issued Shares.

**Conditions of the Subscription:**

The Subscription is conditional upon (i) the completion of the Top-up Placing; and (ii) the Stock Exchange granting listing of and permission to deal in the Subscription Shares.

If the conditions are not fulfilled on or before 19 December 2011 or such later date as may be agreed between the Company and the Vendor, the Subscription Agreement shall terminate and neither of the parties will have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach.

The Company will apply to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

**Completion of the Subscription:**

Under Rule 20.31(3)(d) of the GEM Listing Rules, the Subscription must be completed within 14 days after the date of the Top-up Placing Agreement.

If completion of the Subscription does not take place within 14 days after the date of the Top-up Placing Agreement, the Subscription will become a connected transaction and the Company is required to comply with all the requirements in relation to connected transaction under the GEM Listing Rules.

## **Mandate to issue the Subscription Share:**

The Subscription Shares will be issued pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company held on 28 September 2011. The Directors were authorised to allot and issue up to 178,838,414 Shares pursuant to the General Mandate. Up to the date of this announcement, the Directors have not utilised any part of the General Mandate to issue Shares. Accordingly, the issue of the Subscription Shares is not subject to any approval by the shareholders of the Company.

Further announcement will be made by the Company upon completion of the Top-up Placing and the Subscription.

## **REASONS OF THE PLACING, THE TOP-UP PLACING AND THE SUBSCRIPTION AND THE USE OF PROCEEDS**

The Group is principally engaged in the following business activities:

- (i) implementation and upgrading of self-service automatic teller machine (“ATM”) systems and printing systems as well as related application hardware and software for commercial banks and postal savings bureaus in the PRC;
- (ii) provision of system hardware and software technical support and consultancy services to its customers in respect of self-service ATM systems and printing systems in the PRC;
- (iii) provision of information technology and business solutions to banking and financial institutions; and
- (iv) solar energy generation and related power system integration business in the PRC.

The Directors consider various ways of raising funds and consider that the Top-up Placing and the Subscription represent an opportunity to enlarge the equity base of the Company and provides general working capital for the Company’s business expansion. The Directors intend to use the net proceeds from the Subscription as general working capital.

The Directors consider that the terms of the Top-up Placing Agreement and the Subscription Agreement (including the Placing Price) are fair and reasonable based on the current market conditions and in the interests of the Company and its shareholders as a whole.

## SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER THE TOP-UP PLACING AND THE SUBSCRIPTION

Assuming the maximum number of Shares have been subscribed by the Vendor under the Subscription, the following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion the Top-up Placing; and (iii) immediately after completion of the Top-up Placing and the Subscription:

	Shareholding as at the date of this announcement		Shareholding immediately after completion of the Top-up Placing		Shareholding immediately after completion of the Top-up Placing and the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Hou Hsiao Bing ( <i>note 1</i> )	131,150,000	14.67	42,150,000	4.71	131,150,000	13.34
Hou Hsiao Wen ( <i>note 1</i> )	25,370,000	2.84	25,370,000	2.84	25,370,000	2.58
Good Million ( <i>note 2</i> )	103,566,038	11.58	103,566,038	11.58	103,566,038	10.53
The Placees	–	–	89,000,000	9.95	89,000,000	9.05
Other public	<u>634,106,034</u>	<u>70.91</u>	<u>634,106,034</u>	<u>70.91</u>	<u>634,106,034</u>	<u>64.49</u>
Total ( <i>note 3</i> )	<u><u>894,192,072</u></u>	<u><u>100.00</u></u>	<u><u>894,192,072</u></u>	<u><u>100.00</u></u>	<u><u>983,192,072</u></u>	<u><u>100.00</u></u>

Notes:

1. Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen are brothers and are executive Directors.
2. Mr. Chiu Tung Ping and Ms. Yuen Hing Lan, both being executive Directors, held 70% and 30% interest in the entire issued share capital of Good Million. Ms. Yuen Hing Lan is the spouse of Mr. Chiu Tung Ping.
3. The percentage may not add up to 100% due to rounding.

## FUND RAISING ACTIVITIES OF THE COMPANY IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

On 5 September 2011, Cinda International Securities Limited (“CISL”) and the Company entered into a placing agreement pursuant to which the Company has conditionally agreed to place, through CISL, on a best effort basis, a maximum of 147,000,000 Shares to not less than six placees at the price of HK\$0.53 per Share. Such placing agreement was terminated on 8 September 2011.

On 8 September 2011, CISL, the Company, Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen entered into a top-up placing agreement (“**September Top-up Placing Agreement**”) pursuant to which Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen have agreed to place, and CISL has agreed to procure certain placees, on a best effort basis, for the purchase of up to an aggregate of 147,000,000 existing Shares at the price of HK\$0.53 per Share. On 8 September 2011, each of Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen entered into a subscription agreement with the Company respectively (“**September Subscription Agreements**”) pursuant to which they agreed to subscribe for, in aggregate, a maximum of 147,000,000 Shares at the price of HK\$0.53 per Share. The September Top-up Placing Agreement and the September Subscription Agreements were terminated on 8 September 2011 (after trading hours).

On 4 November 2011, Mr. Hou Hsiao Bing, Good Million, the Company and the Placing Agent entered into a top-up placing agreement (“**November Top-up Placing Agreement**”) pursuant to which Mr. Hou Hsiao Bing and Good Million have agreed to place, and the Placing Agent has agreed to procure certain placees, on a best effort basis, for the purchase of up to an aggregate of 178,000,000 existing Shares at the price of HK\$0.36 per Share. On 4 November 2011, each of Mr. Hou Hsiao Bing and Good Million entered into a subscription agreement with the Company respectively (“**November Subscription Agreements**”) pursuant to which they agreed to subscribe for, in aggregate, a maximum of 178,000,000 Shares at the price of HK\$0.36 per Share. The November Top-up Placing Agreement and the November Subscription Agreements were terminated on 16 November 2011 (after trading hours).

Save for the above fund raising exercises, the Company has not conducted any equity fund raising exercise in the past 12 month period immediately before the date of this announcement.

## **DEFINITIONS**

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“Board”	the board of Directors
“Closing Date”	the second business day from the day on which the sale and purchase of the Placing Shares are input into the Automatic Order Matching System as operated by the Stock Exchange
“Company”	China Technology Solar Power Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“connected person”	has the meaning set out in the GEM Listing Rules
“Directors”	the directors 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
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 28 September 2011 to allot or otherwise deal with the unissued Shares
“Good Million”	Good Million Investments Limited, a company incorporated in the British Virgin Islands and owned as to 70% by Mr. Chiu Tung Ping, an executive Director and as to 30% by Ms. Yuen Hing Lan, an executive Director and the spouse of Mr. Chiu Tung Ping
“Group”	the Company and its subsidiaries
“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
“Placee(s)”	the placee(s) to be procured by the Placing Agent under the Top-up Placing
“Placing Agent”	Yee On Securities Limited, a company incorporated in Hong Kong
“Placing Price”	HK\$0.30 per Placing Share
“Placing Shares”	a maximum of 89,000,000 new Shares to be issued and placed under the Top-up Placing
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber” or “Vendor”	Mr. Hou Hsiao Bing, an executive Director
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Subscription Agreement

“Subscription Agreement”	the subscription agreement between the Company and the Vendor dated 6 December 2011 in relation to the subscription of a maximum of 89,000,000 Subscription Shares by the Vendor
“Subscription Price”	HK\$0.30 per Subscription Shares
“Subscription Shares”	new Shares equivalent to the number of the Placing Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“Top-up Placing”	the placing of a maximum of 89,000,000 Shares beneficially owned by the Vendor pursuant to the Top-up Placing Agreement
“Top-up Placing Agreement”	a placing agreement between the Vendor, the Company and the Placing Agent dated 6 December 2011 in relation to the Top-up Placing
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**China Technology Solar Power Holdings Limited**  
**Hou Hsiao Bing**  
*Executive Director*

Hong Kong, 6 December 2011

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

*Executive Directors:*

Chiu Tung Ping (*Chairman*)  
Yuen Hing Lan  
Leung King Pak  
Wang Daling  
Hou Hsiao Bing  
Hou Hsiao Wen  
Zeng Xiangyi  
Xu Wei  
Ren Huiye

*Independent non-executive Directors:*

Tam Kam Biu, William  
Zhou Jing  
Yang Guocai

*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.*

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