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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)

**CONNECTED TRANSACTION:  
SUPPLEMENTAL AGREEMENT  
AMENDMENT OF TARGET PROFIT AND  
CONSIDERATION ADJUSTMENT MECHANISM  
IN RELATION TO THE ACQUISITION OF  
CHINA TECHNOLOGY SOLAR POWER HOLDINGS LIMITED**

On 30 January 2012, the Purchaser, Mr. Chiu, Ms. Yuen, the Vendor and the Company entered into the Supplemental Agreement to amend certain terms of the Agreement relating to the consideration adjustment mechanism.

The entering of the Supplemental Agreement constitutes a connected transaction for the Company and is subject to the approval of Independent Shareholders at the EGM to be held by the Company. A circular containing details of the Supplemental Agreement, a letter of advice of the IFA on the Supplemental Agreement to advise the independent board committee and the Independent Shareholders, the recommendation of the independent board committee to the Independent Shareholders, together with a notice of the EGM will be despatched to Shareholders as soon as practicable within 15 business days after the publication of this announcement.

Reference is made to the announcement of China Technology Solar Power Holdings Limited (“**Company**”), formerly known as Soluteck Holdings Limited, together with its subsidiaries (the “**Group**”) dated 14 December 2010 and its circular dated 16 May 2011 (“**Circular**”) in relation to, among other matters, the acquisition of the entire issued share capital of the Target Company by the Purchaser, a wholly-owned subsidiary of the Company, from the Vendor. Unless otherwise defined in this announcement, capitalised terms used in this announcement shall have the same meanings as defined in the Circular.

\* *for identification purposes only*

## **BACKGROUND**

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, at the Consideration of HK\$292,000,000 (subject to the Consideration Adjustment).

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 the Convertible Bonds pursuant to the Agreement, were approved by the Shareholders at the EGM held on 31 May 2011. Completion of the Acquisition took place on 1 June 2011 and the Target Company has become a wholly-owned subsidiary of the Company since then.

## **THE SUPPLEMENTAL AGREEMENT**

On 30 January 2012, the Purchaser, Mr Chiu Tung Ping (“**Mr. Chiu**”), Ms Yuen Hing Lan (“**Ms. Yuen**”), the Vendor and the Company entered into a supplemental agreement (“**Supplemental Agreement**”) to amend certain terms of the Agreement. Details of the major terms of the Supplemental Agreement are set out below.

**Date:** 30 January 2012

### **Parties:**

The Purchaser (a wholly-owned subsidiary of the Company);  
The Vendor;  
The Company;  
Mr. Chiu; and  
Ms. Yuen.

The principal activity of the Vendor is investment holding. As at the date of the Supplemental Agreement, the Vendor owns 103,566,038 Shares (representing approximately 11.18% of the entire issued share capital of the Company) and Convertible Bonds in the principal amount of HK\$107,100,000 which are convertible into 214,200,000 Shares at the conversion price of HK\$0.50 each (subject to adjustments). The Vendor is a substantial shareholder of the Company.

Each of Mr. Chiu and Ms. Yuen is an executive Director and is the ultimate beneficial owners of the Vendor holding 70% and 30% of the issued share capital of the Vendor respectively.

### **Effective date of the Supplemental Agreement**

The Supplemental Agreement shall become effective upon:

- (1) the independent Shareholders of the Company (“**Independent Shareholders**”) having approved the Supplemental Agreement and the transactions contemplated thereby;

- (2) the parties to the Supplemental Agreement having signed a supplemental escrow agreement for the purpose of effectuating the Amended Consideration Adjustment (as defined below); and
- (3) all requisite consents, authorizations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of the Supplemental Agreement having been obtained by the Company.

If the above conditions are not fulfilled within six months after the date of the Supplemental Agreement (or such later date as the parties may agree), the Supplemental Agreement shall terminate and cease to have any effect.

***Amendments to the Agreement***

The parties of the Supplemental Agreement have agreed to amend certain terms of the Agreement. The original terms of the Agreement which are subject to amendments are:

- (1) 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 recorded in the ordinary course of business for the 12 months ending 31 March 2012 (“**PAT I**”) shall not be less than HK\$30,000,000.
- (2) In the event that the target profit for the 12 months ending 31 March 2012 (“**Target Profit**”) could not be achieved, the Consideration shall be adjusted downwards by reducing the principal amount of the Tranche II Convertible Bonds in accordance with the following formula:

$$\begin{array}{l} \text{The adjusted principal} \\ \text{amount of the Tranche II} \\ \text{Convertible Bonds} \end{array} = \begin{array}{l} \text{The original principal amount} \\ \text{HK\$50,000,000 of the} \\ \text{Tranche II Convertible Bonds} \end{array} \times \frac{\text{PAT I}}{\text{Target Profit of HK\$30,000,000}}$$

It is proposed that the original terms of the Agreement as set out above will be amended to:

- (1) 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 recorded in the ordinary course of business for the 12 months ending 30 September 2012 (“**PAT II**”) shall not be less than the amended target profit for the 12 months ending 30 September 2012 of HK\$40,000,000 (“**Amended Target Profit**”).

- (2) In the event that the Amended Target Profit could not be achieved, the Consideration shall be adjusted downwards by reducing the principal amount of the Tranche II Convertible Bonds in accordance with the following revised formula (“**Amended Consideration Adjustment**”). The principal amount of the Tranche II Convertible Bonds will be adjusted to HK\$0 if the PAT II is equivalent to or less than HK\$15,000,000 or a loss:

$$\begin{array}{rcl} \text{The adjusted principal} & & \text{The original principal amount} & & \text{2 X (Amended Target} \\ \text{amount of the Tranche II} & = & \text{HK\$50,000,000 of the} & - & \text{Profit of HK\$40,000,000 –} \\ \text{Convertible Bonds} & & \text{Tranche II Convertible Bonds} & & \text{PAT II)} \end{array}$$

## **REASONS FOR THE SUPPLEMENTAL AGREEMENT**

Based on the management accounts of the Target Group, the Target Group recorded net loss of approximately HK\$1 million for the period from 1 June 2011 to 30 September 2011 which was mainly attributable to operating expenses of approximately HK\$1 million.

The Target Group is principally engaged in solar energy generation and related power system integration business in the PRC. The Target Group did not have income generated from solar energy generation business and power system integration business during the period from 1 June 2011 to 30 September 2011.

As at the date of entering the Supplemental Agreement, the Target Group is still in the process of constructing solar photovoltaic power stations in the desert connected to the grid at Geermu Basin in the Qinghai Province with designed power generation capacity of 200MW. On 28 December 2011, the Target Group has completed the construction of a 10MW solar photovoltaic power plant in 青海省格爾木東出口光伏園區 (unofficial English translation being Geermu East Exit Solar Power District, Qinghai province) (“**Qinghai Geermu Power Plant**”) and passed the grid integration inspection tests with the consent of 青海省電力公司 (unofficial English translation being Qinghai Province Electric Company). On 30 December 2011, the Target Group has received the notification from 青海省發展和改革委員會 (unofficial English translation being Qinghai Province Development and Reform Committee) (“**Committee**”) that the Qinghai Geermu Power Plant has passed the inspection test of the Committee, and has conformed with the normal operation requirements for, and has officially commenced, grid integrated power generation. Pursuant to the relevant regulations of the PRC, from the date of commercial operation of the Qinghai Geermu Power Plant, the unit selling price of electricity shall be set at RMB1.15/KWh (inclusive of tax).

As mentioned in the Circular, the Target Group has secured and signed two agreements in the provision of one-off system integration services for biomass energy, thermal power and solar energy generation companies and projects, which are expected to generate sufficient revenue to fulfill the Target Profit of HK\$30,000,000. In view of the fact that the contracting parties in the two agreements are still in the process of obtaining the necessary licenses from the respective government authorities, the Target Group has not yet commenced such system integration services as at the date of entering the Supplemental Agreement. As such, the Vendor proposes and the Company agrees to defer the commencement date of the financial period for the Target Profit and amend the Target Profit of HK\$30,000,000 to the Amended Target Profit of HK\$40,000,000.

Having considered the progress of the business of system integration services which are supported by two secured business agreements and that the Vendor has agreed to raise the amount of Target Profit from HK\$30,000,000 to the Amended Target Profit of HK\$40,000,000, the Directors consider that the Supplemental Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Save as Mr. Chiu and Ms. Yuen who have abstained from voting at the Board meeting to approve the Supplemental Agreement, the Directors (excluding the independent non-executive Directors whose view will be formed after they have received the advice of the independent finance adviser (“**IFA**”), appointed by the Company) are of the view that the terms of the Supplemental Agreement on normal commercial terms, fair and reasonable and are in the interests of Shareholders and the Company as a whole.

## **GENERAL**

Each of Mr. Chiu, Ms. Yuen and the Vendor is a connected person of the Company under Rule 20.11 of the GEM Listing Rules. The entering into of the Supplemental Agreement constitutes a connected transaction for the Company and is subject to the approval of Independent Shareholders at the extraordinary general meeting of the Company (“**EGM**”) to be held by the Company.

The Vendor, holding 103,566,038 Shares as at the date of this announcement, is required to abstain from voting on the resolution to approve the Supplemental Agreement at the EGM.

The Group is principally engaged in (i) sales of self-service automatic teller machine systems and printing systems; (ii) provision of hardware and software technical support services; and (iii) solar energy generating and power system integration business in the PRC.

The Target Group is principally engaged in solar energy generation and related power system integration business in the PRC.

An independent board committee (“**Independent Board Committee**”), comprising all independent non-executive Directors, namely Tam Kam Biu, William, Zhou Jing, Yang Guocai, has been formed to advise the Independent Shareholders on the terms of the Acquisition. Nuada Limited has been appointed as the IFA to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement. The EGM will be convened at which resolution will be proposed to seek the Independent Shareholders’ approval of, among other things, the Supplemental Agreement and the transactions contemplated thereby.

A circular containing details of the Supplemental Agreement, a letter of advice of the IFA on the Supplemental Agreement to advise the independent board committee and the Independent Shareholders, the recommendation of the independent board committee to the Independent Shareholders, together with a notice of the EGM will be despatched to Shareholders as soon as practicable within 15 business days after the publication of this announcement.

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

Hong Kong, 30 January 2012

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

Executive Directors:	Chiu Tung Ping ( <i>Chairman</i> )
	Yuen Hing Lan
	Leung King Pak
	Wang Daling
	Hou Hsiao Bing
	Hou Hsiao Wen
	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.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication.*