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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)

DISCLOSEABLE TRANSACTION
INVOLVING ISSUE OF NEW SHARES UNDER GENERAL MANDATE
IN RESPECT OF THE ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL OF
THE TARGET COMPANY

THE ACQUISITION

On 5 May 2015 (after trading hours), the Purchaser, the Vendor and the Guarantor entered into the Sale and Purchase Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Share (representing the entire issued capital of the Target Company) at the consideration of not less than HK\$23,800,000 and not more than HK\$47,600,000, the final amount of which will be determined based on the consolidated audited net profit after tax attributable to owners of the Target Company for the year ending 31 December 2015 multiplied by a price earnings ratio of 6.8. The Consideration will in any event not exceed HK\$47,600,000.

Each of the Vendor and the Guarantor is an Independent Third Party.

The Target Company is an investment holding company and Tianjin Hengqing, a 60% owned subsidiary of the Target Company, is principally engaged in the research and development, sales and provision of other relevant technology consultation services of photovoltaic mounting brackets, solar trackers, the guardrail of the solar power stations and solar related products and Xizang Lineng, a wholly-owned subsidiary of Tianjin Hengqing, is principally engaged in the processing and sales of solar equipment; and provision of related technical support services.

* For identification purpose only

Pursuant to the Sale and Purchase Agreement, the Consideration shall be satisfied by the issue of Consideration Shares at the Issue Price to the Vendor. The Consideration Shares will be allotted and issued under the general mandate granted to the Directors to allot and issue up to 218,444,128 new Shares by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 21 August 2014, which has not been used since its grant.

The maximum number of the Consideration Shares represents approximately 18.28% of the existing issued share capital of the Company and approximately 15.45% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares (assuming there is no other change in the issued share capital of the Company).

The Acquisition is subject to fulfillment of the conditions precedent as detailed in the paragraph headed “Conditions precedent” in this announcement. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company, each of Tianjin Hengqing and Xizang Lineng will become a 60% owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Company’s consolidated financial statements.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% and all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the GEM Listing Rules and is therefore subject to the notification and announcement requirements under the GEM Listing Rules.

SALE AND PURCHASE AGREEMENT

Date: 5 May 2015

Parties:

- (i) Vendor : Creation Moral Limited, the principal business activity of which is investment holding; and
- (ii) Purchaser : City Max International Limited, a wholly-owned subsidiary of the Company
- (iii) Guarantor : Sun AiHui

The Guarantor is joined as a party to the Sale and Purchase Agreement to warrant and guarantee the performance of the Vendor of its obligations under the Sale and Purchase Agreement.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Share (representing the entire issue capital of the Target Company). Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company, each of Tianjin Hengqing and Xizang Lineng will become a 60% owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Company's consolidated financial statements.

Consideration

The consideration for the Sale Share will be not less than HK\$23,800,000 and not more than HK\$47,600,000. The final Consideration will be determined based on the consolidated audited net profit after tax attributable to owners of the Target Company for the year ending 31 December 2015 multiplied by a price earnings ratio of 6.8 but in any event shall not be less than HK\$23,800,000 or more than HK\$47,600,000.

Payment terms

Pursuant to the terms of the Sale and Purchase Agreement, the Consideration shall be settled in the following manner:

- (i) the amount of HK\$23,800,000 (the “**Initial Payment**”) will be satisfied by the Company's allotment and issuance of 108,181,818 Consideration Shares at the Issue Price to the Vendor upon Completion; and
- (ii) the remaining balance of the Consideration (being the final Consideration less the Initial Payment) will be satisfied by the Company's allotment and issuance of Consideration Shares at the Issue Price credited as fully paid within 30 days from the day on which the consolidated audited accounts of the Target Group for the year ending 31 December 2015 have been issued by the auditors appointed by the Company.

The mechanism of the Consideration is based on the price earnings ratios of 6.8 multiplied by the consolidated audited net profit after tax attributable to owners of the Target Group for the year ending 31 December 2015, subject to the upper limit of HK\$47,600,000 (“**Upper Limit**”).

The Consideration has been negotiated between the parties on an arm's length basis and taking into account the future growth prospects and earnings capability of the Target Group. Compared the price earnings ratio of 6.8 to that of other Hong Kong listed issuers participating in similar renewable energy business in the PRC, the Directors note that there is a discount to the average price earnings ratio of relevant renewable energy companies in Hong Kong where such price earnings ratio ranged from approximately 4.58 to 62.97 (excluding the three largest and three smallest comparables as outliers) with an average of approximately 19.72 times. As such, the Directors consider that the Acquisition has been made on normal commercial terms and after arm's length negotiations. The

Directors are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Company and the Shareholders are concerned and that the Acquisition is in the interest of the Company and the Shareholders.

Conditions precedent

Completion is conditional upon the following conditions having been fulfilled:

- (i) the Stock Exchange granting listing of, and the permission to deal in, the Consideration Shares;
- (ii) all necessary consents, licences and approvals from the institutions and regulators required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;
- (iii) all necessary consents, licences and approvals from the institutions and regulators required to be obtained on the part of the Vendor in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;
- (iv) the Purchaser having completed the due diligence review on the Target Group and being reasonably satisfied with the results; and
- (v) all the representations, warranties and undertakings given by the Vendor contained in the Sale and Purchase Agreement remain true, accurate and not misleading in all respects.

The Purchaser has the right to waive all of the above conditions in part or in full, except for condition

- (i). The Vendor shall use its best endeavours to procure the fulfillment of the conditions numbered (iii) to (v) above.

If the conditions have not been satisfied or waived on or before 31 October 2015, or such later date as the Vendor and the Purchaser may agree, the Sale and Purchase Agreement shall cease and determine (save and except certain clauses under the Sale and Purchase Agreement which will continue to have full force and effect) and thereafter neither party to the Sale and Purchase Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Upon fulfillment or waiver of all conditions precedent set out in the Sale and Purchase Agreement, Completion shall take place on the Completion Date or such other date as agreed by parties to the Sale and Purchase Agreement in writing.

Consideration Shares

A maximum of 216,363,636 Consideration Shares will be issued at the Issue Price (being HK\$0.22 per Consideration Share) which represents:

- (a) a premium of approximately 12.24% over the closing price of HK\$0.196 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (b) a premium of approximately 12.82% over the average closing price of approximately HK\$0.195 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the Last Trading Day.

The maximum number of the Consideration Shares represent approximately 18.28% of the existing issued share capital of the Company as at the date of this announcement and represent approximately 15.45% of the Company's issued share capital as enlarged by the issue of the Consideration Shares (assuming there is no other change in the issued share capital of the Company). The Consideration Shares will be allotted and issued under the general mandate granted to the Directors to allot and issue up to 218,444,128 new Shares by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 21 August 2014, which has not been used since its grant. As such, the issue of the Consideration Shares does not require additional approval by the Shareholders.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when allotted and issued upon Completion, will rank pari passu in all respects with the Shares in issue as at the respective date of the allotment and issue of the Consideration Shares.

CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following illustrates the Company's shareholding structure, assuming there is no further change to the share capital of the Company: (i) as at the date this announcement; (ii) immediately upon the allotment and issuance of the Consideration Shares for the Initial Payment; and (iii) immediately upon the allotment and issuance of the Consideration Shares for the remaining Consideration up to its Upper Limit:

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares for the Initial Payment		Immediately after the allotment and issue of the Consideration Shares for the remaining Consideration up to the Upper Limit	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Good Million Investment Limited (Note 1)	177,766,038	15.02	177,766,038	13.76	177,766,038	12.70
China Technology Development Group Corporation	57,313,962	4.84	57,313,962	4.44	57,313,962	4.09
Mr. Hou Hsiao Bing	131,150,000	11.08	131,150,000	10.15	131,150,000	9.37
Mr. Hou Hsiao Wen	25,370,000	2.14	25,370,000	1.97	25,370,000	1.81
Vendor	–	–	108,181,818	8.37	216,363,636	15.45
Public	694,192,072	66.92	792,049,214	61.31	792,049,214	56.58
	<u>1,183,649,214</u>	<u>100.00</u>	<u>1,291,831,032</u>	<u>100.00</u>	<u>1,400,012,850</u>	<u>100.00</u>

Note:

- Mr. Chiu Tung Ping and Ms. Yuen Hing Lan, both being executive Directors, are respectively holding 70% and 30% interest in the entire issued share capital of Good Million Investments Limited.

INFORMATION ON THE TARGET GROUP

The Target Company is incorporated in the BVI on 2 January 2013 with limited liability and is wholly owned by the Vendor. The Target Company is an investment holding company and the principal assets of which is its 60% equity interests in Tianjin Hengqing.

Tianjin Hengqing, a Sino-foreign equity joint venture enterprise established in the PRC, the entire issued share capital of which is owned as to 60% by the Target Company and 40% by an Independent Third Party. Tianjin Hengqing is principally engaged in the research and development, sales and provision of other relevant technology consultation services of photovoltaic mounting brackets, solar

trackers, the guardrail of the solar power stations and solar related product. Tianjin Hengqing is also the sole beneficial owner of Xizang Lineng, which is a company incorporated in the PRC with limited liability and its principal business is the processing and sales of solar equipment; and provision of related technical support services.

The following is a summary of the unaudited financial results of the Target Group (based on PRC generally accepted accounting principles):

**Since its incorporation
date and up to
31 December 2014
RMB**

Net profit before tax	742,102
Net profit after tax	556,577

REASONS FOR AND BENEFITS OF THE ACQUISITION

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) power system integration business in the PRC.

The Group has been identifying and exploring other business opportunities so as to diversify the Group's solar energy industry into the downstream of solar business with growth potential and to broaden its sources of income that can bring return to the Company and the Shareholders. In 2014, the Group has completed the construction work of the 50MW Gansu Power Station and has commenced construction of the phase 3 of the 300MW project in Ningxia Hui Autonomous Region which includes a solar photovoltaic power station with an expected capacity of 50MW. Given that the principal business of the Target Group is engaged in the research and development, sales and provision of other relevant technology consultation services of photovoltaic mounting brackets, solar trackers, the guardrail of the solar power stations and solar related products, the Directors are of the view that the Acquisition would enable the Group to tap into the sales of related solar products, which will enhance the competitive advantages of the Group as well as to seize the market opportunities in the solar energy industry.

Furthermore, the PRC government continues to support the development of the solar energy industry. The twelve five year plan has set clear targets on the development of different renewable energy technologies including but not limited to solar photovoltaic power and solar thermal power.

In view of (i) the increasing global demand for renewable energy, in particular, solar energy; (ii) the emphasis placed on renewable energy by the PRC government in its twelfth five-year plan; and (iii) the synergy between the Group's existing operation, the Directors consider that the Acquisition provides an opportunity for the Group to create synergy with the Target Group's business as well as to broaden its source of income that can bring return to the Shareholders.

In view of the above factors, the Board (including the independent non-executive Directors) consider the Acquisition has been made on normal commercial terms and that the Consideration and the terms in the Sale and Purchase Agreement are fair and reasonable as far as the Company and the Shareholders are concerned and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% and all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the GEM Listing Rules and is therefore subject to the notification and announcement requirements under the GEM Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	acquisition of the Sale Share by the Purchaser pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	any day (other than Saturday, Sunday and public holiday) on which commercial banks in Hong Kong are generally open for ordinary banking business throughout their normal business hours
“BVI”	the British Virgin Islands
“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
“Completion”	completion of the Acquisition
“Completion Date”	the fifth Business Day after the fulfillment or waiver of all conditions precedent to Completion as set out in the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Consideration”	the aggregate consideration payable by the Purchaser for the Sale Share in accordance with the terms of the Sale and Purchase Agreement

“Consideration Shares”	such number of new Shares to be allotted and issued at the Issue Price by the Company to the Vendor, credited as fully paid, and “Consideration Share” shall be construed accordingly
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantor”	Sun AiHui, the sole shareholder and director of the Vendor
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party and, if applicable, the ultimate beneficial owner of the party who is not fallen into the definition of connected persons of the Company under Chapter 20 of the GEM Listing Rules and independent of the connected persons of the Company and their associates (as defined in the GEM Listing Rules)
“Issue Price”	HK\$0.22 per Consideration Share
“Last Trading Day”	5 May 2015, being date of this announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	City Max International Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 5 May 2015 entered into between the Purchaser, the Vendor and the Guarantor in relation to the sale and purchase of the Sale Share
“Sale Share”	1 ordinary share of US\$1 in the issued share capital of the Target Company, representing its entire issued share capital
“Share(s)”	existing ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Million Keen Limited (萬銳有限公司), a company incorporated in the BVI with limited liability and wholly and beneficially owned by the Vendor. It is an investment holding company and the principal assets of which is its 60% equity interests in Tianjin Hengqing
“Target Group”	the Target Company and its subsidiary
“Tianjin Hengqing”	天津恒慶光伏科技有限公司 (Tianjin Hengqing Solar Photovoltaic Technology Company Limited)*, a Sino-foreign equity joint venture enterprise established in the PRC and is principally engaged in the research and development, sales and other relevant technology consultation services of photovoltaic mounting brackets, solar trackers, the guardrail of the solar power stations and solar related products. The entire issued share capital of Tianjin Hengqing is owned as to 60% by the Target Company and 40% by an Independent Third Party and therefore Tianjin Hengqing will become an indirect non wholly-owned subsidiary of the Company upon Completion
“Vendor”	Creation Moral Limited (創德有限公司), a company incorporated in the BVI with limited liability and being the sole beneficial owner of the Target Company prior to the Completion and the vendor to the Sale and Purchase Agreement
“Xizang Lineng”	西藏立能光伏科技有限公司(Xizang Lineng Solar Photovoltaic Technology Company Limited)*, a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of Tianjin Hengqing
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

* For identification purpose only

For the purpose of this announcement, unless otherwise specified, conversions of RMB into Hong Kong dollars are based on the approximate exchange rate of RMB0.80 to HK\$1.

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

Hong Kong, 5 May 2015

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

Executive Directors:

Chiu Tung Ping (*Chairman*)
Zhang Shenxin (*Vice-Chairman*)
Yuen Hing Lan
Hou Hsiao Bing
Hou Hsiao Wen
Hu Xin

Independent non-executive Directors:

Shi Huizhong
Meng Xianglin
Dong Guangwu

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 and on the Company’s website at www.chinatechsolar.com.