

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



CHINA TECHNOLOGY SOLAR POWER HOLDINGS LIMITED
中科光電控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(stock code: 8111)

DISCLOSEABLE TRANSACTIONS:

- (1) THE LAND USE RIGHT TRANSFER AGREEMENT; AND**
(2) THE COOPERATION AGREEMENT

THE LAND USE RIGHT TRANSFER AGREEMENT

On 19 August 2016, Lazi Baike, an indirect wholly-owned subsidiary of the Company, and Lazi County People's Government entered into the Land Use Right Transfer Agreement, pursuant to which Lazi County People's Government agreed to transfer to Lazi Baike the land use right of a parcel of land located in the Lazi County of the Tibet Autonomous Region of the PRC with an area of approximately 550 mu at the price of RMB22.0 million.

THE COOPERATION AGREEMENT

On 19 August 2016, Shaanxi Baike, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Cooperation Agreement, pursuant to which, among other matters, Shaanxi Baike and the Purchaser have agreed to cooperate in the construction of the Solar Power Station and Shaanxi Baike has agreed to transfer 100% interest in Lazi Baike to the Purchaser after completion of the construction of the Solar Power Station and the power integration.

GEM LISTING RULES IMPLICATIONS

As certain applicable percentage ratio (as defined under the GEM Listing Rules) in respect of each of the Land Acquisition and the Disposal is more than 5% but all applicable percentage ratios are less than 25%, each of the Land Acquisition and the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules, and hence is subject to the reporting and announcement requirements thereunder.

* *for identification purposes only*

THE LAND ACQUISITION

After trading hours on 19 August 2016, Lazi Baike, an indirect wholly-owned subsidiary of the Company, and Lazi County People's Government entered into the Land Use Right Transfer Agreement, pursuant to which Lazi County People's Government agreed to transfer to Lazi Baike the land use right of a parcel of land located in the Lazi County of the Tibet Autonomous Region of the PRC. Details of the Land Use Right Transfer Agreement are summarised as follows:

Land Use Right Transfer Agreement

Date:

19 August 2016

Parties:

- (1) 拉孜百科新能源科技有限公司 (unofficial English translation being Lazi Baike New Energy Technology Limited), a company incorporated in the PRC with limited liability, being an indirect wholly-owned subsidiary of the Company, as the transferee
- (2) Lazi County People's Government as the transferor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Lazi County People's Government is an Independent Third Party

Subject matter:

Pursuant to the Land Use Right Transfer Agreement, the land use right of the Land will be transferred to Lazi Baike for a term of 50 years. The Land shall be for industrial uses only.

Land Transfer Price:

The Land Transfer Price is RMB22.0 million (equivalent to approximately HK\$25.7 million).

The Land Transfer Price was determined after arm's length negotiations between the parties to the Land Use Right Transfer Agreement on normal commercial terms with reference to the relevant PRC regulations.

Payment terms:

The Land Transfer Price shall be paid by Lazi Baike to Lazi County People's Government in the following manner:

- (a) The first installment of RMB19 million, which represents the consideration for 475 mu of the Land for phase 1 construction of the Solar Power Station on the Land, should be paid before 20 August 2016.
- (b) The second installment of RMB3 million, which represents the consideration for 75 mu of the Land for phase 2 construction of the Solar Power Station on the Land, should be paid before the commencement of work of phase 2 construction.

Reasons for and benefits of the Land Acquisition

Lazi Baike was formed to construct the Solar Power Station. The Land is acquired for the purpose of constructing the Solar Power Station by Lazi Baike.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Land Use Right Transfer Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE DISPOSAL

After trading hours on 19 August 2016, Shaanxi Baike, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Cooperation Agreement, pursuant to which Shaanxi Baike and the Purchaser have agreed to, among other matters, cooperate in the construction of the Solar Power Station and Shaanxi Baike has agreed to transfer 100% interest in Lazi Baiki to the Purchaser after completion of the construction of the Solar Power Station and the power integration. Major terms of the Cooperation Agreement are summarised as follows:

The Cooperation Agreement

Date:

19 August 2016

Parties:

- (1) Vendor: 陝西百科新能源科技發展有限公司 (unofficial English translation being Shaanxi Baike New Energy Technology Development Co., Ltd.*), a company incorporated in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company

- (2) Purchaser: 喀什天慶光電科技有限公司 (unofficial English translation being Kashii Tianqing New Energy Co., Ltd*), a company incorporated in the PRC with limited liability

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) each of the Purchaser and its ultimate beneficial owners is an Independent Third Party; and (ii) the principal business of the Purchaser is new energy power system integration.

Subject matters:

1. Construction of the Solar Power Station

- (a) Shaanxi Baike and the Purchaser acknowledged that up to 31 July 2016, Shaanxi Baike and Lazi Baike have contributed approximately RMB20.69 million (“**Paid Amount**”) and have contracted for but not yet paid approximately RMB3.55 million (“**Unpaid Amount**”) for the construction of the Solar Power Station.
- (b) Pursuant to the Cooperation Agreement, with effect from the date of the Cooperation Agreement, Shaanxi Baike is no longer required to contribute further capital for the construction of the Solar Power Station. The Purchaser shall be responsible for all further capital (including the Unpaid Amount) for the construction of the Solar Power Station.
- (c) Shaanxi Baike shall provide power system integration services and technical consultation services during the construction of the Solar Power Station.

2. Management of Lazi Baike

- (a) With effect from the date of the Cooperation Agreement, the Purchaser has the right to appoint personnel to manage Lazi Baike.
- (b) 100% of the shares of Lazi Baike held by Shaanxi Baike will be pledged to the Purchaser with effect from the date of the Cooperation Agreement.

3. Transfer of Lazi Baike

- (a) Shaanxi Baike agreed to transfer 100% of the shares of Lazi Baike held by it to the Purchaser at the Share Transfer Price of RMB27,693,638 (equivalent to approximately HK\$32,401,556), which is determined based on the Paid Amount and the fee for the power system integration services and technical consultation services to be provided by Shaanxi Baike.
- (b) The legal title of Lazi Baike shall be formally transferred to the Purchaser within 30 days after completion of construction of the Solar Power Station and the power integration, upon completion of which, the Group will cease to have any interest in Lazi Baike.

- (c) The first installment of the Share Transfer Price of RMB20,000,000 shall be paid by the Purchaser within 60 days after the date of the Cooperation Agreement and the remaining balance of RMB7,693,638 shall be paid within 5 days after the completion of the transfer of the legal title of Lazi Baike.

Background information of Lazi Baike

Lazi Baike was established in the PRC on 12 November 2014 with limited liability and is wholly-owned by Shaanxi Baike as at the date of this announcement. Lazi Baike was originally established for taking the project of constructing the Solar Power Station on the Land.

According to the unaudited management accounts of Lazi Baike, the unaudited loss (before and after taxation) of Lazi Baike for each of the two years ended 31 March 2015 and 31 March 2016 was approximately RMB Nil (equivalent to approximately HK\$ Nil) and RMB81,972 (equivalent to approximately HK\$100,382) respectively.

As at 31 July 2016, the unaudited net assets value and total asset value of Lazi Baike was approximately RMB19,168,000 (equivalent to approximately HK\$22,426,560) and approximately RMB20,166,000 (equivalent to approximately HK\$23,594,220) respectively.

Reasons for and benefit of the Disposal

Although it was previously planned that Lazi Baike would construct the Solar Power Station, so far the Group was unable to find contractors for the construction of the Solar Power Station who were willing to accept the payment terms proposed by the Group. Given the substantial amount of capital required for the project, to ensure that the construction of the Solar Power Station can be conducted in the desired time frame and better manage the Group's cashflow, the Group considers that the Disposal is the best alternative to the previous plan.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Cooperation Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Use of proceeds

The estimated net proceeds from the Disposal, after deducting expenses attributable to the Disposal, are estimated to be approximately HK\$29.4 million. Such net proceeds are expected to be used for general working capital of the Group.

Possible financial effects of the Disposal

The Group expects to record a gain from the Disposal of approximately HK\$7.0 million, being the difference between the net proceeds from the Disposal and the unaudited net asset value of Lazi Baike as at 31 July 2016. Shareholders should note that the actual gain from the Disposal will be calculated on the basis of the relevant figures as at the date of the completion of the Disposal and therefore would be different from the aforesaid amount.

GENERAL INFORMATION

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

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of each of the Land Acquisition and the Disposal is more than 5% but less than 25%, each of the Land Acquisition and the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules, and is subject to the notification and announcement requirements thereunder.

DEFINITIONS

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

“Board”	the board of Directors
“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 the GEM
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 19 August 2016 entered into between Shaanxi Baike and the Purchaser in relation to, among other matters, the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of Lazi Baike by Shaanxi Baike to the Purchaser pursuant to the Cooperation Agreement

“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third parties independent of the Company and its connected persons
“Land”	the state-owned construction land parcel numbered 5423262015001 with an area of approximately 550 mu, which is located in the Lazi County of the Tibet Autonomous Region of the PRC
“Land Acquisition”	the acquisition of the land use right of the Land pursuant to the Land Use Right Transfer Agreement
“Land Transfer Price”	the consideration for the Land Acquisition payable by Lazi Baike
“Land Use Right Transfer Agreement”	the state-owned construction land use right transfer contract (國有建設用地使用權出讓合同) dated 19 August 2016 entered into between Lazi Baike and Lazi County People’s Government in relation to the Land Acquisition
“Lazi Baike”	拉孜百科新能源科技有限公司 (unofficial English translation being Lazi Baike New Energy Technology Limited), a company incorporated in the PRC with limited liability, which is wholly owned by Shaanxi Baike as at the date of this announcement
“Lazi County People’s Government”	the People’s Government of Lazi County of the Tibet Autonomous Region of the PRC (中華人民共和國西藏自治區拉孜縣人民政府)
“mu”	畝, a unit of area which is equal to approximately 667 square metres per mu
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Purchaser”	喀什天慶光電科技有限公司 (unofficial English translation being Kashii Tianqing New Energy Co., Ltd*), a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Share Transfer Price”	the price payable by the Purchaser to Shaanxi Baike for the Disposal
“Shaanxi Baike”	陝西百科新能源科技發展有限公司 (unofficial English translation being Shaanxi Baike New Energy Technology Development Co., Ltd.*), a company incorporated in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Solar Power Station”	a large-scale grid-connected solar photovoltaic power station with an expected capacity of 20 MW to be constructed on the Land
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

In this announcement, amounts quoted in RMB have been converted into HK\$ at a rate of RMB1 to HK\$1.17. Such exchange rate has been used, where applicable, for the purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates at all.

By order of the Board
China Technology Solar Power Holdings Limited
Chiu Tung Ping
Chairman and Executive Director

Hong Kong, 19 August 2016

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

Executive Directors:

Chiu Tung Ping (*Chairman*)
Yuen Hing Lan
Hou Hsiao Bing
Hu Xin

Independent non-executive Directors:

Ma Xingqin
Meng Xianglin
Dong Guangwu

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

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