
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Technology Solar Power Holdings Limited (“Company”), you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, the licensed securities dealer or registered institution or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**(1) CONNECTED TRANSACTION:
SUPPLEMENTAL AGREEMENT
AMENDMENT OF TARGET PROFIT AND
CONSIDERATION ADJUSTMENT MECHANISM
IN RELATION TO THE ACQUISITION OF
CHINA TECHNOLOGY SOLAR POWER HOLDINGS LIMITED;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders**

Nuada Limited

Corporate Finance Advisory

A notice convening the extraordinary general meeting of the Company to be held at 11:00 a.m. on 12 March 2012 at Horizon Room, 7/F, Metropark Hotel Causeway Bay Hong Kong, 148 Tung Lo Wan Road, Causeway Bay, Hong Kong is set out on pages 28 to 29 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time of the meeting to the office of the Company’s branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting in person should you so wish.

This circular will remain on the Company’s website and on the website of the Growth Enterprise Market of the Stock Exchange at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting.

22 February 2012

* *For identification purpose only*

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CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

DEFINITIONS

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

“2011 Circular”	the circular of the Company dated 16 May 2011 containing details of, among other matters, the Acquisition
“Acquisition”	the acquisition of the entire issued share capital of Target Company by the Purchaser pursuant to the Agreement, which was completed on 1 June 2011
“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
“Amended Target Profit”	the amount of HK\$40,000,000, being the amount proposed to be guaranteed by the Vendor and the Guarantors to the Purchaser and the Company pursuant to the Supplemental Agreement as the minimum audited consolidated net profit after tax of the Target Group in the ordinary course of business for the 12 months ending 30 September 2012
“associate”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the 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”	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 pursuant to the terms of the Agreement which took place on 1 June 2011
“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 the consideration adjustment)

DEFINITIONS

“Consideration Shares”	133,000,000 new Shares allotted and issued by the Company to the Vendor (or its nominee(s)) in accordance with the terms and conditions of the Agreement upon Completion
“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
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company convened to be held at 11:00 a.m. on 12 March 2012 at Horizon Room, 7/F, Metropark Hotel Causeway Bay Hong Kong, 148 Tung Lo Wan Road, Causeway Bay, Hong Kong for the purpose of considering, and if thought fit, approving, among other things, the Supplemental Agreement
“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 and Ms. Yuen, the ultimate beneficial owners of the Vendor holding 70% and 30% of the issued share capital of the Vendor respectively, each of them was an Independent Third Party at the time of entering into of the Agreement and presently an executive Director
“GW”	gigawatt(s)
“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 Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors for the purpose of advising the Independent Shareholders regarding the Supplemental Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who have no interest in the Supplemental Agreement and the transactions contemplated thereunder

DEFINITIONS

“Independent Third Party(ies)”	independent third party who is independent of and not connected with the Company and the connected person of the Company
“kW”	kilowatt(s)
“Latest Practicable Date”	16 February 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Mr. Chiu”	Mr. Chiu Tung Ping, an executive Director
“Ms. Yuen”	Ms. Yuen Hing Lan, an executive Director
“MW”	Megawatt(s)
“New PRC Subsidiary”	青海宏科新能源集成科技有限公司 (Qinghai Hongke New Energy Integration Technology Co., Ltd.), a company established in the PRC with limited liability on 8 December 2011 and a wholly-owned subsidiary of the Target Company
“Nuada”	Nuada Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement, a licensed corporation under the SFO licensed to carry on Type 6 regulated activity (advising on corporate finance)
“Original Target Profit”	the amount of HK\$30,000,000, being the amount originally guaranteed by the Vendor and the Guarantors to the Purchaser and the Company pursuant to the Agreement as the minimum audited consolidated net profit after tax of the Target Group in the ordinary course of business for the 12 months ending 31 March 2012
“PRC”	the People’s Republic of China, for the purposes of this circular and for geographical reference only, excludes Taiwan, the Macao Special Administrative Region and Hong Kong (unless otherwise indicated)
“Purchaser”	City Max International Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Qinghai Baike”	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 and a wholly-owned subsidiary of the Target Company

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“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
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“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
“Supplemental Agreement”	the supplemental agreement dated 30 January 2012 entered into among the Purchaser, the Company, the Vendor and the Guarantors to amend certain terms of the Agreement
“Target Company”	China Technology Solar Power Holdings Limited, a company incorporated in the BVI with limited liability, now being a wholly owned subsidiary of the Company and was wholly owned by the Vendor before Completion
“Target Group”	Target Company and its subsidiaries
“Tranche I Convertible Bonds”	the Convertible Bonds in the principal amount of HK\$113,100,000 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 issued by the Company to the Vendor (or its nominee(s)) upon Completion
“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

For purpose of illustration in this circular, US\$1 = HK\$7.8; RMB1 = HK\$1.2315. This exchange rate is adopted for the purpose of illustration only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate at all.

LETTER FROM THE BOARD



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)

Executive Directors:

Chiu Tung Ping (*Chairman*)
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

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

Room 1104, SUP Tower
75 King's Road
Hong Kong

22 February 2012

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

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

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 EGM.

* *For identification purpose only*

LETTER FROM THE BOARD

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in relation to the Supplemental Agreement. Nuada has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement and the transactions contemplated thereunder.

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 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 issue of the Convertible Bonds, were approved by the Shareholders at an extraordinary general meeting of the Company 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, Ms. Yuen, the Vendor and the Company entered into the 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 and Latest Practicable Date, the Vendor owned 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 adjustment). 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 owner of the Vendor holding 70% and 30% of the issued share capital of the Vendor respectively.

LETTER FROM THE BOARD

Effective date of the Supplemental Agreement

The Supplemental Agreement shall become effective upon:

- (1) the 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 Original 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:

$$\begin{array}{rcl} \text{The adjusted principal} & & \text{The original principal} \\ \text{amount of the Tranche} & & \text{amount HK\$50,000,000} \\ \text{II Convertible Bonds} & = & \text{of the Tranche II} \\ \text{("AC I")} & & \text{Convertible Bonds} \end{array} \quad \times \quad \frac{\text{PAT I}}{\text{Target Profit of}} \\ \text{HK\$30,000,000}$$

LETTER FROM THE BOARD

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 HK\$40,000,000.
- (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:

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

REASONS FOR AND BENEFITS OF 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 (i) solar energy generation and (ii) 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.

At present, the Target Company has three subsidiaries, namely Qinghai Baike, the New PRC Subsidiary and Shanxi Baike New Energy Technology Development Co., Ltd. The Target Group is undergoing an internal reorganization to reorganize its businesses so that all power system integration business originally carried out by Qinghai Baike will be carried out by the New PRC Subsidiary.

Power system integration business

System integration refers to the optimization of technologies in the civil engineering system, electrical system and other ancillary system, database technologies, surveillance and software management. The Target Group shall source equipments and products from different vendors based on the scale and capacity of the respective power stations and subsequently carry out integration of the separated equipment, functions and information into a connected, unified and coordinated system. System integration enables the utilization of resources at their best so to enhance optimization of performance of the entire system and achieve centralized, high efficiency, balanced performance, substitutable and available for maintenance, as well as low cost management. The Target Group also offers subsequent system management services to the power stations.

LETTER FROM THE BOARD

As mentioned in the 2011 Circular, Qinghai Baike has secured and signed two agreements for the provision of one-off service on system integration services for biomass energy, thermal power and solar energy generation companies and projects. As the contracting parties in the two agreements are still in the process of obtaining the necessary licenses from the respective government authorities, Qinghai Baike has not yet commenced such system integration services. As such, the Vendor proposes and the Company agrees to enter into the Supplemental Agreement to defer the commencement date and end date of the financial period for the Target Profit, amend the Target Profit of HK\$30,000,000 to the Amended Target Profit of HK\$40,000,000 and also adopt the Amended Consideration Adjustment mechanism.

As part of the internal reorganization of business as mentioned above, the New PRC Subsidiary has signed new agreements with the counterparties of these two agreements for the provision of system integration services for biomass energy, thermal power and solar energy generation companies and projects in place of Qinghai Baike. It is expected that one of the contracting parties will obtain the necessary licences from the relevant government authorities by 1 March 2012, while the other contracting party will obtain the necessary licences from the relevant government authority by 1 April 2012. After these contracting parties have obtained the necessary licences, the New PRC Subsidiary will start to provide system integration services to them. It is expected that the New PRC Subsidiary will complete the system integration work within 150 days to 180 days after commencement of work.

These two agreements are expected to generate a total revenue of approximately RMB302 million. Pursuant to the two agreements, the total contract sum will be paid to the New PRC Subsidiary in stages where 10% of the total contract sum will be paid after commencement of the work, 60% of the total contract sum will be paid after completion of the system integration work and the remaining 30% of the total contract sum will be paid after completion of the final examination. On such basis, the Directors and the Vendor consider that the Target Group is able to meet the Amended Target Profit.

Solar energy generation

As disclosed in the 2011 Circular, the Target Company was approved to be engaged in the business of provision of solar energy of up to 1,000MW in the Qinghai Province. The Target Company has also entered into an investment agreement for the Construction of a Large Solar Photovoltaic Power Station in the Desert connected to the Grid at Geermu of 200MW (“**Geermu Agreement**”) and the Investment Agreement for the Construction of a Solar Photovoltaic Power Station connected to the Grid at Delingha of 100MW (“**Delingha Agreement**”).

The Development and Reform Commission of the Qinghai Province had granted approval in December 2010 for the construction of solar photovoltaic power station with the capacity of 10MW under the Geermu Agreement and the Development and Reform Commission of the Qinghai Province had granted approval on 6 December 2011 for the construction of solar photovoltaic power station with the capacity of 20MW under the Delingha Agreement.

LETTER FROM THE BOARD

On 28 December 2011, Qinghai Baike 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, Qinghai Baike 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).

Having taken into account of the capital expenditure required for the future construction and development of solar energy generation business, the Company is considering to concentrate its resources to develop the system integration business as mentioned above. Therefore, the Company is considering to dispose of its interests in Qinghai Baike for a cash consideration, so that the cashflow of the Target Group could be improved and the Group is able to concentrate its resources for the system integration business. As at the Latest Practicable Date, the Company was in negotiation with an Independent Third Party on a possible sale of 100% interest in Qinghai Baike. As at the Latest Practicable Date, no definitive agreement regarding such possible sale had been signed by the parties. Further announcement will be made by the Company as and when required under the GEM Listing Rules.

Nonetheless, the Target Group may set up solar photovoltaic power stations in the future depending on the actual condition of review, business development of the Target Group and the approvals by government authorities.

DIRECTORS' VIEW

For illustration purpose, set out below are the possible results of the AC I and the AC II under different scenarios:

	Scenario 1 <i>HK\$</i>	Scenario 2 <i>HK\$</i>	Scenario 3 <i>HK\$</i>	Scenario 4 <i>HK\$</i>	Scenario 5 <i>HK\$</i>
Profit after tax for the 12 months financial period: PAT I or PAT II	≤ 0	> 0 to 15,000,000	$> 15,000,000$ to 30,000,000	$> 30,000,000$ to < 40,000,000	$\geq 40,000,000$
AC I	0	> 0 to 25,000,000	$> 25,000,000$ to 50,000,000	50,000,000	50,000,000
AC II	0	0	> 0 to 30,000,000	$> 30,000,000$ to < 50,000,000	50,000,000

LETTER FROM THE BOARD

As illustrated above:

- (1) As the consideration adjustment will be in the form of adjustment of the principal amount of the Convertible Bonds, the time of exercise of the right to adjust the amount of the Consideration will not have any immediate adverse impact on the cashflow of the Group. Accordingly, if the Target Company records a loss or nil profit during PAT I or PAT II, the Company will not be worse off under PAT II.
- (2) Under the Amended Consideration Adjustment mechanism, if the Target Company records a profit of HK\$0 to HK\$40,000,000, the AC II will be lower than the AC I. The Directors consider that such amended mechanism can on one hand serve as a penalty on the Vendor for the delay in fulfilling its obligations and on the other hand serve as an incentive to the Vendor to strive for a higher profit for the Target Group in order to minimize the magnitude of consideration adjustment.

Taking into account of the above, although under the original consideration adjustment mechanism, the Company is entitled to adjust the Consideration based 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 (i.e. PAT I), and while under the Amended Consideration Adjustment mechanism, the adjustment will be based on 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 (i.e. PAT II), which has deferred for 6 months under the original consideration adjustment mechanism, the Directors consider that the Supplemental Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will publish an announcement if the PAT II are less than the Amended Target Profit and will include details in its next published annual report and accounts. The independent non-executive Directors will provide an opinion in the Company's next published annual report and accounts as to whether the Vendor has fulfilled its obligations under the guarantee in relation to the Amended Target Profit.

Save as Mr. Chiu and Ms. Yuen who have abstained from voting at the Board meeting to approve the Supplemental Agreement, the Directors 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.

FORMATION OF THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the Supplemental Agreement was entered into on normal commercial terms, and whether the terms of the Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Your attention is drawn to the letter from the Independent Board Committee containing its advice set out on page 14 of this circular.

LETTER FROM THE BOARD

Nuada has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Supplemental Agreement was entered into on normal commercial terms, and whether the terms of the Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. The text of the letter of advice from Nuada is set out on pages 15 to 21 of this circular.

The Independent Board Committee, after taking into account the advice of Nuada, is of the opinion that the Supplemental Agreement was entered into on normal commercial terms, and the terms of the Supplemental Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

EGM

A notice convening the EGM to be held at Horizon Room, 7/F, Metropark Hotel Causeway Bay Hong Kong, 148 Tung Lo Wan Road, Causeway Bay, Hong Kong at 11:00 a.m. on 12 March 2012 for the purpose of considering and, if thought fit, passing, the ordinary resolution to approve the Supplemental Agreement and the transactions contemplated thereunder is set out on pages 28 to 29 of this circular.

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 EGM. The Vendor holding 103,566,038 Shares as at the Latest Practicable Date, representing approximately 11.18% of the issued share capital of the Company, is required to abstain from voting on the resolution to approve the Supplemental Agreement at the EGM.

You will find enclosed a form of proxy for use at the EGM. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time of the meeting to the office of the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting in person should you so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

22 February 2012

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular of the Company dated 22 February 2012 (“**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise you on whether the Supplemental Agreement was entered into on normal commercial terms, and whether the terms of the Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Your attention is also drawn to the letter from the Board set out on pages 5 to 13 of the Circular and the additional information set out in the appendix of the Circular. Having considered the terms of the Supplemental Agreement and the transactions contemplated thereunder and the advice from Nuada, we are of the opinion that the Supplemental Agreement was entered into on normal commercial terms, and that the terms of the Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Yours faithfully,

Independent Board Committee

Tam Kam Biu, William Zhou Jing Yang Guocai

Independent non-executive Directors

* *For identification purpose only*

LETTER FROM NUADA

The following is the text of a letter to the Independent Board Committee and the Independent Shareholders from Nuada in respect of the terms of the Supplemental Agreement and the transactions contemplated thereunder prepared for the purpose of incorporation in this circular.

Nuada Limited

Corporate Finance Advisory

17th Floor, BLINK, 111 Bonham Strand
Sheung Wan, Hong Kong
香港上環文咸東街 111 號 BLINK 17 字樓

22 February 2012

*To the Independent Board Committee
and the Independent Shareholders*

China Technology Solar Power Holdings Limited
Room 1104 SUP Tower
75 King's Road
North Point
Hong Kong

Dear Sirs,

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

We refer to the circular dated 22 February 2012 (the "Circular") issued by the Company to its Shareholders of which this letter forms part and to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement, details of which are set out in the letter from the Board (the "Board Letter") contained in the Circular and in which this letter is reproduced. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular of which this letter forms part unless the context otherwise requires.

Reference is made to the announcement of the Company dated 14 December 2010 and the 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. 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 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 extraordinary general meeting of the Company held on 31 May 2011. Completion took place on 1 June 2011 and the Target Company has become a wholly-owned subsidiary of the Company.

LETTER FROM NUADA

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

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 EGM. The Vendor holding 103,566,038 Shares as at the Latest Practicable Date, is required to abstain from voting on the resolution to approve the Supplemental Agreement at the EGM.

The 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 as to whether (i) the Supplemental Agreement was entered into on normal commercial terms; and (ii) the terms of the Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Our role as the independent financial adviser is to give our independent opinion to the Independent Board Committee and the Independent Shareholders as to whether (i) the Supplemental Agreement was entered into on normal commercial terms; and (ii) the terms of the Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, opinion and representations contained or referred to in the Circular and the information, opinion and representations provided to us by the management of the Company and the Directors. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the management of the Company and the Directors, for which they are solely and wholly responsible, were true, accurate and complete at the time when they were made and continue to be so as at the date of the EGM.

Accordingly, we have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and representations contained in the Circular, or the reasonableness of the opinions expressed by the management of the Company and the Director provided to us. The Directors collectively and individually accept full responsibility for the accuracy of the information in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in the Circular misleading. Furthermore, we relied on the Company that it has provided us with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have relied on such information and opinions but have not, however, conducted any independent in-depth investigation into the business, financial conditions and affairs or the future prospects of the Group.

LETTER FROM NUADA

PRINCIPAL FACTORS TAKEN INTO ACCOUNT

In formulating our opinion on the entering into of the Supplemental Agreement, we have considered the following factors and reasons:

I. Background and Reasons of entering into the Supplemental Agreement

1. 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 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 issue of the Convertible Bonds, were approved by the Shareholders at an extraordinary general meeting 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.

2. The Group and the Target Group

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 (i) solar energy generation and (ii) related power system integration business in the PRC.

3. Reasons of 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 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 Qinghai Geermu Power Plant and passed the grid integration inspection tests with the consent of Qinghai Province Electric Company. On 30 December 2011, the Target Group has

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received the notification from the 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 2011 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 enter into the Supplemental Agreement to defer the commencement date and end date of the financial period for the Target Profit, amend the Original Target Profit of HK\$30,000,000 to the Amended Target Profit of HK\$40,000,000 and also adopt the Amended Consideration Adjustment mechanism.

We concur with the Directors and consider that (i) the delay in the system integration services to be provided by the Target Group is due to the other contracting parties in the two agreements; (ii) the time of exercise of the right to adjust the amount of the Consideration will not have any immediate adverse impact on the cashflow of the Group; and (iii) the amended mechanism can serve as a penalty on the Vendor for the delay in fulfilling its obligations and as an incentive to the Vendor to strive for a higher profit for the Target Group in order to minimize the magnitude of consideration adjustment, therefore, even though the commencement date of the financial period for the Target Profit has to be deferred for half a year, the Supplemental Agreement reflects the latest business situation and is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

II. The Supplemental Agreement

1. The terms of the Supplemental Agreement

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. Please refer to the Board Letter for the details of the major terms of the Supplemental Agreement.

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2. *Amendments to the Agreement*

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

- (1) The Vendor and the Guarantors have guaranteed to the Purchaser and the Company that the PAT I shall not be less than HK\$30,000,000.
- (2) In the event that the Original 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:

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

The proposed amendments to the original terms of the Agreement are:

- (1) The Vendor and the Guarantors have guaranteed to the Purchaser and the Company that the PAT II shall not be less than the Amended Target Profit for the 12 months ending 30 September 2012 of HK\$40,000,000.
- (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. The principal 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:

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

LETTER FROM NUADA

To analyze whether the terms of the Supplemental Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole, we list below all the possible results of the AC I and the AC II under different scenarios:

	Scenario 1 <i>HK\$</i>	Scenario 2 <i>HK\$</i>	Scenario 3 <i>HK\$</i>	Scenario 4 <i>HK\$</i>	Scenario 5 <i>HK\$</i>
Profit after tax for the 12 months financial period: PAT I or PAT II	≤0	>0 to 15,000,000	>15,000,000 to 30,000,000	>30,000,000 to <40,000,000	≥40,000,000
AC I	0	>0 to 25,000,000	>25,000,000 to 50,000,000	50,000,000	50,000,000
AC II	0	0	>0 to 30,000,000	>30,000,000 to <50,000,000	50,000,000

As illustrated above, (i) the AC II will be lower than the AC I when the PAT I and PAT II are a profit of HK\$40,000,000 or below; (ii) the AC II will be equivalent to AC I when the PAT I and PAT II is nil or below; and (iii) the AC II will be equivalent to AC I when the PAT I and PAT II is equal to or above HK\$40,000,000. That means, the AC II will be lower than AC I, except when the Target Company records a profit of nil or above HK\$40,000,000 or records a loss, in that case, the AC II will be equivalent to AC I.

Having considered that (i) the Amended Target Profit is higher than the Original Target Profit; and (ii) the AC II will be at least equivalent to or, even lower than, AC I under all scenarios, we consider the terms of the Supplemental Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM NUADA

III. RECOMMENDATION

Having considered the factors and reasons as stated above, we are of the view that despite entering into the Supplemental Agreement is not in the ordinary and usual course of business of the Group, the Supplemental Agreement is on normal commercial terms and the terms of the Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the Supplemental Agreement to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Nuada Limited
Kevin Chan
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the directors of the issuer 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 circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any of its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position

Directors' interests in the issued Shares

Name of Directors	Capacity	Number of Shares held	Approximate percentage of the total issued share capital of the Company (Note 1)
Mr. Chiu (Executive Director)	Interests of controlled corporation (Note 2)	317,766,038 ordinary shares	34.29%
Ms. Yuen (Executive Director)	Interests of spouse (Note 2)	317,766,038 ordinary shares	34.29%
Mr. Hou Hsiao Bing (Executive Director)	Beneficial owner	131,150,000 ordinary shares	14.15%
Mr. Hou Hsiao Wen (Executive Director)	Beneficial owner	25,370,000 ordinary shares	2.74%

Notes:

1. As at the Latest Practicable Date, the entire issued share capital of the Company is 926,592,072 Shares.
2. Mr. Chiu and Ms. Yuen held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited. Ms Yuen is the spouse of Mr. Chiu, and hence both Mr. Chiu and Ms. Yuen were deemed to be interested in the shares of the Company held by Good Million Investments Limited.

Directors' interests in the share capital of the Company's associated corporations

Name of Directors	Name of associated corporations	Number of shares interested	Nature of interest	Approximate percentage holding of the non-voting deferred shares
Mr. Hou Hsiao Bing (Executive Director)	Truth Honour Electronic Limited	3,000,000 non-voting deferred shares	Beneficial owner	100% of the non-voting deferred shares
Mr. Hou Hsiao Bing (Executive Director)	Soluteck Investments Limited	500,000 non-voting deferred shares	Beneficial owner	100% of the non-voting deferred shares

Truth Honour Electronic Limited and Soluteck Investments Limited are subsidiaries of the Company and are thus associated corporations of the Company.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

- (b) Each of Mr. Chiu and Ms. Yuen is a director of the Vendor, which is a company having an interest in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.
- (c) As at the Latest Practicable Date, save as disclosed below, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, any member of the Group or were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2011, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, the Group leased the following premises for the Group's use:

- (i) an office premise jointly owned by Mr. Hou Hsiao Wen (an executive Director) and an independent third party, in Beijing of the PRC at an annual rental of RMB70,200 for the Group's use; and
 - (ii) an office premise from Dynatek Limited, which is owned by Mr. Hou Hsiao Bing, an executive Director, in Hong Kong at an annual rental of HK\$360,000 for the Group's use.
- (d) None of the Directors are materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Latest Practicable Date, the following persons or entities, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholders	Number of ordinary shares interested	Capacity	Approximate percentage of the Company issued share capital as at the Latest Practicable Date (Note 1)
Mr. Qin Yun	530,875,000	Interest of controlled corporation (Note 2)	57.29%
Ms. Hu Jianming	530,875,000	Interests of spouse (Notes 2 and 3)	57.29%
Max Success Group Ltd	451,243,750	Beneficial owner (Note 2)	48.70%
Good Million Investments Limited	317,766,038	Beneficial owner (Note 4)	34.29%
Mr. Qin Zhongde	88,000,000	Beneficial owner (Note 5)	9.50%
Rus Energy Investment Group Limited	79,631,250	Beneficial owner (Note 2)	8.59%
China Technology Development Group Corporation	57,313,962	Beneficial owner (Note 6)	6.19%

Notes:

1. As at the Latest Practicable Date, the entire issued share capital of the Company is 926,592,072 Shares.
2. The 451,243,750 shares and 79,631,250 shares in the Company represented the consideration shares that would have been issued to Max Success Group Ltd (“**Max Success**”) and Rus Energy Investment Group Limited (“**Rus Energy**”), respectively, by the Company as part payment of consideration pursuant to a sale and purchase agreement in respect of the entire issued share capital of China-Rus Energy Investment Limited dated 18 January 2010 among Max Success and Rus Energy as vendors, Mr. Qin Yun as guarantor and Oceania, a wholly-owned subsidiary of the Company, as purchaser upon and if the said sale and purchase agreement was completed. Since Mr. Qin Yun held 100% and 60%, respectively, interest in the entire issued shares in Max Success and Rus Energy, he is deemed to be interested in all the shares of the Company in which Max Success and Rus Energy would be interested pursuant to the SFO. Oceania subsequently decided to terminate the acquisition and rescind the said sale and purchase agreement with effect from 28 May 2010. Notwithstanding that, none of Max Success, Rus Energy and Mr. Qin Yun has notified the Company of the cessation or any change of their interest in the above shares of the Company.
3. Ms. Hu Jianming is the spouse of Mr. Qin Yun. Accordingly, Ms. Hu Jianming is deemed, by virtue of SFO, to be interested in all the shares in which Mr. Qin Yun is interested.
4. Mr. Chiu and Ms. Yuen, both being executive Directors, held 70% and 30% interest in the entire issued share capital of Good Million Investments Limited.
5. Ms. Huang Xiulan is the spouse of Mr. Qin Zhongde. Accordingly, Ms. Huang Xiulan is deemed, by virtue of SFO, to be interested in all the shares in which Mr. Qin Zhongde is interested.
6. BHL Solar Technology Company Limited is wholly-owned by China Technology Development Group Corporation.

4. DIRECTORS’ SERVICE CONTRACTS

On 15 June 2010, each of Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen, both being executive Directors, has entered into a new service contract with the Company for an initial term of three years commencing from 15 June 2010 (which will continue thereafter until terminated by not less than three months’ notice in writing served by either party on the other). Pursuant to such service contracts, the monthly salary of each of Mr. Hou Hsiao Bing and Mr. Hou Hsiao Wen is HK\$76,667 and HK\$83,333 respectively. With effect from 1 April 2011, the monthly salary of Mr. Hou Hsiao Bing has been increased from HK\$76,667 to HK\$125,000 and the monthly salary of Mr. Hou Hsiao Wen has been increased from HK\$83,333 to HK\$125,000.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS OF DIRECTORS

Mr. Tam Kam Biu, William, an independent non-executive Director, is an executive director of China Bio Cassava Holdings Limited (Stock Code: 8129), a company incorporated in the Cayman Islands whose securities are listed on GEM. As China Bio Cassava Holdings Limited is also a company which is engaged in business related to research and development of information technology, China Bio Cassava Holdings Limited may be in competition with the Group.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors are aware, none of them or any of their respective associates had any interest in a business which competes or may compete with the business of the Group or any other conflicts of interest with the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Board confirmed that there was no material adverse change in the financial or trading position of the Group since 31 March 2011 (being the date to which the latest published audited consolidated accounts of the Group were made up).

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualifications
Nuada Limited	a licensed corporation under the SFO, licensed to carry on Type 6 regulated activity (advising on corporate finance)

Nuada has given and has not withdrawn its written consent to the issue of this circular with the inclusion of the text of its letter and references to its name and its opinion or advice in the form and context in which they respectively appear.

As at the Latest Practicable Date, Nuada did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of Nuada and its directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 March 2011, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during the normal business hours from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. (save for Saturdays and public holidays) at the principal place of business of the Company at Room 1104, SUP Tower, 75 King's Road, Hong Kong from the date of this circular and up to and including 12 March 2012:

- (i) the Supplemental Agreement;
- (ii) the Agreement;
- (iii) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 14 of this circular;
- (iv) the letter of advice from Nuada, the text of which is set out on pages 15 to 21 of this circular; and
- (v) the written consent referred to in the paragraph headed "Expert and Consent" in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**Meeting**”) of China Technology Solar Power Holdings Limited (“**Company**”) will be held at Horizon Room, 7/F, Metropark Hotel Causeway Bay Hong Kong, 148 Tung Lo Wan Road, Causeway Bay, Hong Kong at 11:00 a.m. on 12 March 2012 for the purpose of considering and, if thought fit, with or without modifications, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT**

- (a) the supplemental agreement dated 30 January 2012 entered into by City Max International Limited, Good Million Investments Limited, the Company, Mr. Chiu Tung Ping and Ms. Yuen Hing Lan (“**Supplemental Agreement**”) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) the directors of the Company (“**Directors**”) or a duly authorised committee of the board of Directors be and are/is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as they consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Supplemental Agreement and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents, which are not fundamentally different from those as provided in the Supplemental Agreement) as are, in the opinion of the Directors or the duly authorised committee, in the interest of the Company and its shareholders as a whole.”

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

Hong Kong, 22 February 2012

* *For identification purpose only*

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Room 1104, SUP Tower
75 King's Road, Hong Kong

As at the date of this notice, the directors of the Company are as follows:

Executive Directors:

Chiu Tung Ping (*Chairman*)
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

Notes:

- (1) A member of the Company entitled to attend and vote at the extraordinary general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the extraordinary general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (2) In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the extraordinary general meeting or any adjournment thereof, should he so wish.
- (3) Completion and return of an instrument appointing a proxy should not preclude a shareholder of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (4) As required under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the resolution will be decided by way of a poll.

This notice will remain on the Company's website and on the GEM website with the domain name of www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting.