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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8111)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



After trading hours on 2 August 2018, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 286,000,000 new Shares, to not less than six Placees at a price of HK\$0.1 per Placing Share.

The maximum number of the Placing Shares represents (i) approximately 19.86% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.57% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. Assuming 286,000,000 Placing Shares are placed in full, the aggregate nominal value of the Placing Shares is HK\$28,600,000.

Assuming the maximum number of the Placing Shares is placed, the gross proceeds from the Placing will be HK\$28.60 million and the net proceeds (after deduction of the placing commission and other expenses incidental to the Placing) will be approximately HK\$27.80 million. The Company intends to use such net proceeds to repay certain outstanding sums due to an Independent Third Party on 31 August 2018.

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the 2017 AGM held on 25 September 2017. The allotment and issue of the Placing Shares is not subject to additional Shareholders' approval.

* For identification purpose only

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

The Board wishes to announce that after trading hours on 2 August 2018, the Company and the Placing Agent entered into the Placing Agreement, the principal terms of which are summarised below:

THE PLACING AGREEMENT

Date

2 August 2018 (after trading hours)

Issuer

The Company

Placing Agent

Long Asia Securities Limited

The Placing Agent has conditionally agreed to place up to 286,000,000 Placing Shares, on a best effort basis, to not less than six Placees. The Placing Agent will receive a placing commission of 2.5% of the aggregate Placing Price for the Placing Shares successfully placed by the Placing Agent in accordance with the Placing Agreement, which shall not exceed HK\$600,000 in any event. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of the Placing Agent and its ultimate beneficial owner(s) is an Independent Third Party.

Placees

The Placing Shares are to be placed to not less than six Placees, who and whose ultimate beneficial owners shall be Independent Third Parties. The Placing Agent has undertaken that none of the Placees will, immediately upon completion of the Placing, become a substantial shareholder of the Company (within the meaning of the GEM Listing Rules).

Number of Placing Shares

The maximum number of the Placing Shares represents (i) approximately 19.86% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.57% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Assuming 286,000,000 Placing Shares are placed in full, the aggregate nominal value of the Placing Shares is HK\$28,600,000.

Placing Price

The Placing Price of HK\$0.1 per Placing Share represents:

- (i) a premium of approximately 5.26% over the closing price of HK\$0.0950 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a premium of approximately 1.21% over the average closing price of HK\$0.0988 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement.

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

The Board considers that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Ranking of the Placing Shares

The Placing Shares, when issued, shall rank *pari passu* in all respects inter se and with all other Shares in issue as at the date of allotment and issue of the Placing Shares.

Condition of the Placing

Completion of the Placing is conditional upon the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, all of the Placing Shares.

If the above condition is not fulfilled on or before 23 August 2018 (or such later date as may be agreed between the Placing Agent and the Company in writing), the Placing will lapse and all rights, obligations and liabilities of the Placing Agent and the Company under the Placing Agreement in relation to the Placing shall cease and determine and neither the Placing Agent nor the Company shall have any claim against the other party in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Completion

Completion of the Placing shall take place within five Business Days following the day on which the above condition is satisfied or on such other date as the Company and the Placing Agent may agree in writing.

Termination

If any of the following events occurs at any time prior to 8:00 a.m. on the date of completion of the Placing, the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, terminate the Placing Agreement:

- (i) in the reasonable opinion of the Placing Agent there has been since the date of the Placing Agreement a change in national, international, financial, political or economic conditions or taxation or exchange controls which is likely to prejudice materially the consummation of the Placing; or
- (ii) there is an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (iii) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of completion of the Placing which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement and for the purpose of this sub-paragraph, a breach shall not be considered material unless it is in the reasonable opinion of the Placing Agent material and prejudicial in the context of the Placing; or
- (iv) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material and prejudicial in the context of the Placing.

Upon termination of the Placing Agreement as described above, subject to clauses in relation to indemnity, costs and expenses, termination, notices and governing law and jurisdiction etc. set out in the Placing Agreement, the Placing Agreement shall cease to have effect and neither the Placing

Agent nor the Company shall have any rights or claims against the other party by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the 2017 AGM held on 25 September 2017. Under the General Mandate, the Company is authorised to issue up to 286,002,570 new Shares until the revocation, variation or expiration of the General Mandate. As at the date of the announcement, no new Shares have been issued under the General Mandate since its grant.

The allotment and issue of the Placing Shares is not subject to additional Shareholders' approval.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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 People's Republic of China.

The Group is due to repay certain loans granted by an Independent Third Party to it in the sum of approximately HK\$27.84 million (including the principal and the interests accrued thereon at the interest rate of 12% per annum) on or before 31 August 2018. The Company intends to use the net proceeds from the Placing to repay such outstanding sums. The Board is of the view that the Placing could raise funds at a reasonable cost for the Company to reduce the level of borrowings and interest expenses of the Company. The Board considers that the Placing is in the interest of the Company and the Shareholders as a whole.

Assuming the maximum number of the Placing Shares is placed, the gross proceeds from the Placing will be HK\$28.60 million and the net proceeds (after deduction of the placing commission and other expenses incidental to the Placing) will be approximately HK\$27.80 million. On such basis, the net issue price will be approximately HK\$0.0972 per Placing Share.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any fund raising activity by way of equity issue in the past 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company and the effects on the shareholding structure of the Company upon completion of the Placing (assuming 28,600,000 Placing Shares are placed in full and there is no other change in the shareholding structure of the Company before the allotment and issue of the Placing Shares) are set out below:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Good Million Investments Limited (<i>Note 1</i>)	217,766,038	15.12	217,766,038	12.62
Creation Moral Limited (<i>Note 2</i>)	216,363,636	15.03	216,363,636	12.54
Hou Hsiao Bing (<i>Note 3</i>)	131,140,000	9.11	131,140,000	7.60
Placees	—	—	286,000,000	16.57
Other public Shareholders	<u>874,743,176</u>	<u>60.75</u>	<u>874,743,176</u>	<u>50.68</u>
Total	<u>1,440,012,850</u>	<u>100.00</u>	<u>1,726,012,850</u>	<u>100.00</u>

Notes:

1. Mr. Chiu Tung Ping and Ms. Yuen Hing Lan, both being executive Directors, hold 70% and 30% of the issued shares in Good Million Investments Limited respectively. Ms. Yuen Hing Lan is the spouse of Mr. Chiu Tung Ping, hence Mr. Chiu Tung Ping and Ms. Yuen Hing Lan are deemed to be interested in all the Shares held by Good Million Investments Limited.
2. Creation Moral Limited is wholly-owned by Mr. Sun Aihui. Hence, Mr. Sun Aihui is deemed to be interested in all the Shares held by Creation Moral Limited.
3. Mr. Hou Hsiao Bing is an executive Director.
4. Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

WARNING

Since completion of the Placing is subject to the fulfillment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“2017 AGM”	the annual general meeting of the Company held on 25 September 2017 at which the General Mandate was granted to the Directors
“Board”	the board of Directors
“Business Day(s)”	any day(s) (excluding Saturday, Sunday, public holiday or any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	China Technology Solar Power Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors at the 2017 AGM to allot, issue or otherwise deal with up to 286,002,570 new Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and not connected nor acting in concert with any of the connected persons of the Company or any of their respective associates (having the meanings ascribed to them under the GEM Listing Rules)

“Placee(s)”	any independent individual(s), corporate(s), professional or institutional investor(s) or other investor(s) to be procured by or on behalf of the Placing Agent under the Placing
“Placing”	the offer by way of private placing of the Placing Shares to the Placees by or on behalf of the Placing Agent, on a best effort basis, pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Long Asia Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the placing agreement dated 2 August 2018 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.1 per Placing Share
“Placing Shares”	up to 286,000,000 new Shares to be placed pursuant to the Placing Agreement and each a “Placing Share”
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 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
“%”	per cent.

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

Hong Kong, 2 August 2018

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 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 seven days from the date of its publication and on the Company’s website at www.chinatechsolar.com.