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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer 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, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

MAJOR TRANSACTION DISPOSAL OF 100% EQUITY INTEREST IN QINGHAI BAIKE

Financial adviser



大有融資有限公司
MESSIS CAPITAL LIMITED

A notice convening the EGM to be held at Horizon Room, 7th Floor, Metropark Hotel Causeway Bay Hong Kong, 148 Tung Lo Wan Road, Causeway Bay, Hong Kong on 21 October 2012 at 11:00 a.m. is set out on pages 38 to 40 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjournment thereof to the principal office of the Company in Hong Kong at Room 1104, SUP Tower, 75 King's Road, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof 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 with the domain name of www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of its posting.

5 October 2012

* For identification purposes only

CONTENTS

	<i>Page</i>
CHARACTERISTICS OF GEM	1
DEFINITIONS	2
LETTER FROM THE BOARD	6
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	22
APPENDIX II – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP	24
APPENDIX III – GENERAL INFORMATION	29
NOTICE OF EXTRAORDINARY GENERAL MEETING	38

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.

“10MW Geermu Power Station”	the 10MW power station, the construction of which has been completed, being the first phase development of Geermu Agreement
“20MW Delingha Project”	the first phase development of Delingha Agreement which had obtained approval from the Development and Reform Commission of Qinghai Province on 6 December 2011 for the construction of solar photovoltaic power station with the capacity of 20MW
“2011 Circular”	the circular of the Company dated 16 May 2011 containing details of, among other matters, the Acquisition
“2012 Circular”	the circular of the Company dated 22 February 2012 containing details of, among other matters, the First Supplemental Agreement
“Acquisition”	the acquisition of the entire issued share capital of CTSP (BVI) by City Max pursuant to the Agreement, which was completed on 1 June 2011
“Acquisition Completion”	completion of the Acquisition pursuant to the terms of the Agreement which took place on 1 June 2011
“Acquisition Consideration”	HK\$292,000,000, being the aggregate consideration for the sale and purchase of the entire issued shares of CTSP (BVI) (subject to the consideration adjustment)
“Agreement”	the conditional sale and purchase agreement dated 13 December 2010 entered into among City Max, the Company, Good Million and the Guarantors in relation to the Acquisition
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“City Max”	City Max International Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“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 Disposal

DEFINITIONS

“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Consideration”	the consideration of RMB46,800,000 payable by the Purchaser for the entire equity interest in the Target Company under the Disposal Agreement (subject to deduction as provided for in the Disposal Agreement), details of which are set out in the paragraph headed “Consideration” in the “Letter from the Board” of this circular
“CTSP (BVI) Group”	CTSP (BVI) and its subsidiaries, namely the Target Company, Qinghai Hongke New Energy Integration Technology Co., Ltd. and Shaanxi Baike New Energy Technology Development Co., Ltd.
“Delingha Agreement”	an investment agreement entered into between the Vendor and the Economic and Development Reform Commission of Delingha Municipal in December 2010 for the construction of a solar photovoltaic power station connected to the grid at Delingha with designed power generation capacity of 100MW
“Director(s)”	the directors of the Company
“Disposal”	the disposal of the entire equity interest in the Target Company by the Vendor to the Purchaser pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the agreement entered into between the Vendor and the Purchaser in relation to the Disposal dated 6 September 2012
“EGM”	the extraordinary general meeting of the Company convened to be held at Horizon Room, 7th Floor, Metropark Hotel Causeway Bay Hong Kong, 148 Tung Lo Wan Road, Causeway Bay, Hong Kong on 21 October 2012 at 11:00 a.m. to consider and, if though fit, approve the Disposal Agreement and the transactions contemplated thereunder
“First Supplemental Agreement”	the first supplemental agreement dated 30 January 2012 entered into among City Max, the Company, Good Million and the Guarantors to amend certain terms of the Agreement, details of which are set out in the 2012 Circular
“Guarantors”	Mr. Chiu and Ms. Yuen, each of them was an Independent Third Party at the time of entering into of the Agreement and presently an executive Director

DEFINITIONS

“Geermu Agreement”	an investment agreement entered into between Qinghai Baike and the Development and Reform Commission of Geermu Municipal on 2 March 2010 for the construction of solar photovoltaic power stations in the desert connected to the grid at Geermu with designed power generation capacity of 200MW
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Good Million”	Good Million Investments Limited, a company incorporated in the BVI with limited liability and is owned as to 70% by Mr. Chiu and as to 30% by Ms. Yuen
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	3 October 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained this circular
“Mr. Chiu”	Mr. Chiu Tung Ping, an executive Director
“Ms. Yuen”	Ms. Yuen Hing Lan, an executive Director
“MW”	megawatt(s)
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	青海省綠色發電集團有限公司 (unofficial English translation being Qinghai Green Power Generation Group Ltd.), the purchaser named in the Disposal Agreement
“Remaining Group”	the Group excluding the Target Company
“Revised Agreement”	the Agreement as supplemented by the First Supplemental Agreement
“Second Supplemental Agreement”	the second supplemental agreement dated 2 September 2012 entered into among City Max, the Company, Good Million and the Guarantors to amend certain terms of the Revised Agreement, and such second supplemental agreement was subsequently terminated on 24 September 2012

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	existing ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company” or “Qinghai Baike”	Qinghai Baike Solar Power Co., Ltd* (青海百科光電有限責任公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Vendor as at the date of the Disposal Agreement
“Target Profit”	the amount of HK\$40,000,000, being the amount of the audited consolidated net profit after tax of CTSP (BVI) and its subsidiaries in the ordinary course of business for the Target Profit Period guaranteed by Good Million and the Guarantors to City Max and the Company pursuant to the Revised Agreement
“Target Profit Period”	a period of 12 months ending on 30 September 2012
“Tranche II Convertible Bonds”	the convertible bonds in the principal amount of up to HK\$50,000,000 issued by the Company to Good Million (or its nominee(s)) upon Acquisition Completion
“Vendor” or “CTSP (BVI)”	China Technology Solar Power Holdings Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company and was wholly owned by Good Million before Acquisition Completion
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

For purpose of illustration in this circular, US\$1 = HK\$7.8; HK\$1 = RMB0.8174. 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

Hou Hsiao Bing

Hou Hsiao Wen

Hu Xin

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Tam Kam Biu, William

Zhou Jing

Yang Guocai

Principal place of business in Hong Kong:

Room 1104, SUP Tower

75 King's Road

Hong Kong

5 October 2012

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION DISPOSAL OF 100% EQUITY INTEREST IN QINGHAI BAIKE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 6 September 2012. On 6 September 2012, the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Disposal Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire equity interest in the Target Company at a total consideration of RMB46,800,000 (equivalent to approximately HK\$57,255,000) (subject to deduction as provided for the Disposal Agreement). Upon Completion, the Target Company will cease to be a subsidiary of the Company.

* For identification purposes only

LETTER FROM THE BOARD

As the applicable percentage ratios as defined under Rule 19.07 of the GEM Listing Rules in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The purpose of this circular is to provide you with, among other matters, further details regarding the Disposal Agreement and the transactions contemplated thereunder and a notice convening the EGM.

THE DISPOSAL AGREEMENT

Date: 6 September 2012

Parties:

- (i) Vendor : China Technology Solar Power Holdings Limited, a wholly-owned subsidiary of the Company
- (ii) Purchaser : 青海省綠色發電集團有限公司 (unofficial English translation being Qinghai Green Power Generation Group Ltd.), the ultimate beneficial owner of which is 青海省國有資產管理委員會 (unofficial English translation being Qinghai State-owned Assets Administration Commission), a state-owned enterprise

The principal activities of the Purchaser are hydropower generation, wind power generation, solar energy generation and other electricity production activities. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Group and its connected persons.

Assets to be disposed of:

The assets to be disposed of under the Disposal Agreement are the entire equity interest in the Target Company. As at the Latest Practicable Date, the principal assets of the Target Company were the 10MW Geermu Power Station and the 20MW Delingha Project.

Consideration:

Pursuant to the terms of the Disposal Agreement, the Consideration of RMB46,800,000 (equivalent to approximately HK\$57,255,000) (subject to deduction as provided for in the Disposal Agreement) shall be payable by the Purchaser in cash in the following three installments:

- (i) the first installment of RMB2,340,000 (equivalent to approximately HK\$2,863,000) being paid to the Group within 10 business days upon signing of the Disposal Agreement;

LETTER FROM THE BOARD

- (ii) the second installment of RMB10,000,000 (equivalent to approximately HK\$12,234,000) being paid to the Group within 5 business days upon the provision of a copy of the necessary resolution(s) passed by the Shareholders at the EGM approving the Disposal Agreement and the transactions contemplated thereunder by the Group to the Purchaser; and
- (iii) the final installment of the remaining Consideration after deducting the Relevant Balance and Liabilities and the Target Audited Loss (as defined below) being paid to the Group within 10 business days upon fulfillment (or where applicable, waiver by the Purchasers) of all the conditions as set out the paragraph headed “Conditions precedent” below before the Long Stop Date (as defined below).

Upon Completion, the Target Company will cease to be a subsidiary of the Company. After Completion, the Purchaser will be liable for the liabilities of the Target Company immediately before Completion Date up to a maximum amount of RMB95,000,000 (the “Maximum Borne Liabilities”). The Group agreed to settle the balance (“Relevant Balance”) on a dollar-to-dollar basis if the amount of the total liabilities (including contingent liabilities) of the Target Company exceeds the Maximum Borne Liabilities of RMB95,000,000. Having taken into account that (i) it is common for purchasers to request for limited liabilities for the targets in acquisitions so as to avoid any further liabilities; (ii) the Consideration has been arrived after taking into account the agreed level of the Maximum Borne Liabilities which is a rounding figure to the amount of the Target Company’s total audited liabilities as at 31 March 2012 of approximately RMB97.6 million; (iii) the operation of the 10MW Geermu Power Station was slowed down and any new purchase of assets of the Target Company shall be jointly monitored by the Vendor and the Purchaser after entering into of the Disposal Agreement until Completion and the Group will closely monitor the expenses of the Target Company until Completion so that the Target Company will not incur any material liabilities during such period; and (iv) the benefits from the Disposal as stated in the paragraph headed “Reasons for and benefits of the Disposal” below, the Board considers that the Maximum Borne Liabilities is acceptable to the Group and is fair and reasonable. The Maximum Borne Liabilities was determined with reference to the Target Company’s total audited liabilities as at 31 March 2012 which is the latest audited figure available as at the date of the Disposal Agreement. Both parties agreed that the Purchaser may deduct the Consideration or the technology consultancy fee to be received by the Vendor or its subsidiary if the Group fails to settle the Relevant Balance or other legal liabilities (including but not limited to tax, safety production and compensation of damages for the third parties or employees) of the Target Company prior to Completion (the “Relevant Balance and Liabilities”). If the Relevant Balance and Liabilities exceed the Consideration and the technology consultancy fee to be received by the Vendor or its subsidiary, the Vendor shall make up the difference within three days upon receipt of the notice from the Purchaser and make compensation for actual direct losses caused to the Purchaser. The Purchaser will engage a qualified accounting firm to audit the accounts of Target Company as at 31 August 2012 within five business days upon signing of the Disposal Agreement. The parties agreed that if the Target Company has audited accumulated loss since its establishment up to 31 August 2012 (“Target Audited Loss”), such loss shall be deducted from the final installment of the Consideration on a dollar-to-dollar basis. As at 31 August 2012, the unaudited accumulated loss of the Target Company amounted to approximately RMB3.7 million. Having taken into account the benefits from the Disposal as stated in the paragraph headed “Reasons for and benefits of the Disposal” below, the Board are of the view that the adjustment of the Consideration is fair and reasonable even if the adjustment by the Target Audited Loss may overlap the effect of adjustment by the Relevant Balance and Liabilities.

LETTER FROM THE BOARD

The Consideration has been arrived at after arm's length negotiations between the parties with reference to (i) the paid-up capital of US\$4 million of the Target Company; (ii) the assets and liabilities position of the Target Company as set out in the paragraph headed "Background information on CTSP (BVI) Group and the Target Company" below; and (iii) the development status of 10MW Geermu Power Station and 20MW Delingha Project, in particular the 10MW Geermu Power Station which had commenced operation and generated revenue since 1 April 2012. The Consideration has not specifically taken into account the goodwill arising from the Acquisition as such goodwill is booked at the level of the Company instead of at the level of the Target Company and the Purchaser is mainly focused on the assets and liabilities of the Target Company. The Directors are of the view that the Consideration is fair and reasonable after taking into account of the factors as stated in the paragraph headed "Reasons for and benefits of the Disposal" below.

The possible minimum proceeds (the "**Possible Minimum Proceeds**") from the Disposal, after deducting the Consideration by (i) estimated expenses in connection with the Disposal of approximately HK\$2 million; (ii) the difference of approximately RMB11.1 million (equivalent to approximately HK\$13.6 million) between the unaudited total liabilities of the Target Company as at 31 August 2012 of RMB106.1 million (subject to audit of the relevant figures as at the date of Completion) and the Maximum Borne Liabilities to be borne by the Purchaser of RMB95 million; and (iii) the unaudited accumulated loss of the Target Company up to 31 August 2012 of approximately RMB3.7 million (equivalent to approximately HK\$4.5 million) (subject to audit), amounted to approximately HK\$37.2 million. The Possible Minimum Proceeds are calculated based on the latest available unaudited figures of the Target Company. Shareholders should note that the actual proceeds from the Disposal will be calculated on the basis of the relevant figures as at the date of the Completion and therefore would be different from the aforesaid amount. In addition, as there is no upper limit on the audited total liabilities of the Target Company as at Completion and the accumulated loss of the Target Company up to 31 August 2012 of approximately RMB3.7 million is subject to audit, the actual proceeds from the Disposal may be theoretically adjusted downward to zero or even negative. However, as the Possible Minimum Proceeds is calculated based on relevant figures as at 31 August 2012 and the operation of the 10MW Geermu Power Station was slowed down and any new purchase of assets of the Target Company shall be jointly monitored by the Vendor and the Purchaser after entering into of the Disposal Agreement until Completion and the Group will closely monitor the expenses of the Target Company until Completion, the Board considers that the Target Company will not incur any material liabilities during such period. In view of the above, the Board considers that the proceeds from the Disposal as at Completion will close to the Possible Minimum Proceeds of approximately HK\$37.2 million.

The CTSP (BVI) Group expects to record an unaudited possible minimum gain from the Disposal of approximately HK\$8.9 million, which is calculated by reference to, (i) the Possible Minimum Proceeds of approximately HK\$37.2 million; and (ii) the net asset value of the Target Company as at 31 August 2012 of approximately RMB23.1 million (equivalent to approximately HK\$28.3 million).

The Group expects to record an unaudited possible loss from the Disposal of approximately HK\$15.1 million, which is calculated by reference to (i) the Possible Minimum Proceeds of approximately HK\$37.2 million; (ii) the net asset value of the Target Company as at 31 August 2012 of approximately RMB23.1 million (equivalent to approximately HK\$28.3 million); (iii) goodwill derecognized on the Disposal of approximately HK\$24 million.

LETTER FROM THE BOARD

The above possible gain/loss from the Disposal are calculated based on the latest available unaudited figures of the Target Company. Shareholders should note that the actual gain/(loss) from the Disposal will be calculated on the basis of the relevant figures as at the date of the Completion and therefore would be different from the aforesaid amount.

Pursuant to a technology consultation service agreement (“Consultation Service Agreement”) entered into between the Vendor and the Purchaser on the date of the Disposal Agreement, the Group will receive an aggregate service fee of RMB14,210,000 (subject to confirmation from both parties) from the Purchaser for the provision of one-off technology consultation and design services to 20MW Delingha Project from the signing of the Consultation Service Agreement to the completion of the construction of 20MW Delingha Project. The construction period of the 20MW Delingha Project is expected to be one year. The said service fee of RMB14,210,000 (subject to confirmation from both parties) was determined with reference to the workload, expertise and manpower required for the provision of consultation services to the 20MW Delingha Project. The Disposal will also enable the Group to form a strategic alliance with the Purchaser for the cooperation in 20MW Delingha Project. The service fee does not form part of the Consideration given that the Group has to provide technology consultation and design services to 20MW Delingha Project under the Consultation Service Agreement. Services to be provided by the Group under the Consultation Service Agreement include design, construction and system optimization consultation services for 20MW Delingha Project. The expertise of the Group to provide such services are stated in the paragraph headed “Businesses of the Remaining Group” below.

Conditions precedent:

Completion is conditional upon the following conditions having been fulfilled and/or (where applicable) waived:

- (i) the passing of the necessary resolution(s) by the Shareholders at the EGM approving the Disposal Agreement and the transactions contemplated thereunder;
- (ii) the passing of resolution(s) by the shareholder of the Vendor approving, amongst others, the Disposal contemplated under the Disposal Agreement;
- (iii) necessary approval in relation to the Disposal being obtained from the Department of Commerce of Qinghai Province (青海省商務廳); and
- (iv) the Vendor and the Purchaser having completed the necessary procedures in relation to the Disposal as required by the relevant Administration for Industry and Commerce.

The parties agreed that the above conditions (iii) and (iv) should be fulfilled after the satisfaction of the above conditions (i) and (ii).

The Purchaser may waive the above conditions (iii) and (iv) by notice in writing to the Vendor. Each of the parties has undertaken to work on a best endeavor basis so as to speed up the Completion. In the event that any of the above conditions is not fulfilled and/or waived (where applicable) within 45 days upon signing of the Disposal Agreement (i.e. 21 October 2012) (“Long Stop Date”) (or any other date as may be agreed by the Purchaser), the Disposal Agreement shall be terminated automatically and cease to have any

LETTER FROM THE BOARD

effect, and neither party to the Disposal Agreement shall have any obligations and liabilities towards each other thereunder. The Group agreed to refund the payment received from the Purchaser together with the accrued interests (calculated with reference to benchmark lending rate published by the People's Bank of China by that time and from the date when the Company receives the Consideration) to the Purchaser within 2 business days upon the termination of the Disposal Agreement. Neither party to the Disposal Agreement shall have any claim against the other save and except any antecedent breach. The Vendor may unilaterally terminate the Disposal Agreement and claim for compensation for loss caused by the equity transfer of the Target Company if the Purchaser fails to pay any of the installments of the Consideration in accordance with the Disposal Agreement.

Completion:

Completion shall take place on a day when all legal procedures in relation to the change and registration of equity transfer of the Target Company are completed.

Upon Completion, the Target Company will cease to be a subsidiary of the Company.

BACKGROUND INFORMATION ON CTSP (BVI) GROUP AND THE TARGET COMPANY

The Group completed the acquisition of the CTSP (BVI) Group (including but not limited the Target Company) on 1 June 2011. Given that the Group acquired the CTSP (BVI) Group (including but not limited to the Target Company) as a whole, it is impracticable to assess the original acquisition cost of individual company. The Acquisition Consideration, being the original acquisition cost of the CTSP (BVI) Group, was HK\$292,000,000 (subject to consideration adjustment). As set out in the paragraph headed "The Target Profit in respect of the Tranche II Convertible Bonds" below, the Acquisition Consideration might be adjusted to HK\$242,000,000 as the PAT for the Target Profit Period is likely to be less than HK\$15,000,000. The CTSP (BVI) Group is principally engaged in (i) solar energy generation; and (ii) related power system integration business in the PRC. As at the Latest Practicable Date, the CTSP (BVI) Group had three subsidiaries, including the Target Company, Qinghai Hongke New Energy Integration Technology Co., Ltd. and Shaanxi Baike New Energy Technology Development Co., Ltd.

The Target Company was established in the PRC in July 2009 with limited liability and was wholly-owned by the Vendor as at the Latest Practicable Date. The Target Company is principally engaged in solar energy generation in the PRC. As at the Latest Practicable Date, the principal assets of the Target Company were the 10MW Geermu Power Station and the 20MW Delingha Project. Both of Qinghai Hongke New Energy Integration Technology Co., Ltd. and Shaanxi Baike New Energy Technology Development Co., Ltd. are principally engaged in power system integration business.

Solar energy generation business

As disclosed in the 2011 Circular and the 2012 Circular, CTSP (BVI) Group was approved to be engaged in the business of provision of solar energy of up to 1,000MW in the Qinghai Province. CTSP (BVI) Group has also entered into the Geermu Agreement and the Delingha Agreement.

LETTER FROM THE BOARD

The Development and Reform Commission of the Qinghai Province had granted approval in December 2010 for the construction of the 10MW Geermu Power Station 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 the 20MW Delingha Project. As at the Latest Practicable Date, the construction of solar photovoltaic power station under the 20MW Delingha Project has not yet been commenced as the CTST (BVI) Group currently does not have sufficient financial resources to meet the capital expenditure required for the development of such project.

On 28 December 2011, CTSP (BVI) Group has completed the construction of the 10MW Geermu Power Station 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) 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, CTSP (BVI) Group has received the notification from 青海省發展和改革委員會 (unofficial English translation being Qinghai Province Development and Reform Committee) (“Committee”) that the 10MW Geermu Power Station 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 commercial operation of the 10MW Geermu Power Station on 1 April 2012, the unit selling price of electricity shall be set at RMB1.15/KWh (inclusive of tax). Up to 30 June 2012, the total grid electricity generation volume of the 10MW Geermu Power Station has reached 5,142,400 KW/h. Based on the unaudited consolidated management accounts of CTSP (BVI), the turnover and profits after taxation of CTSP (BVI) generated from the 10MW Geermu Power Station from 1 April 2012 up to 30 June 2012 were approximately HK\$6.2 million and approximately HK\$3.4 million respectively.

According to the unaudited accounts of the Target Company, the unaudited loss (both before and after taxation and extraordinary items) of the Target Company for the year ended 31 March 2011 was approximately RMB3.9 million (equivalent to approximately HK\$4.8 million). According to the audited accounts of the Target Company, the audited loss (both before and after taxation and extraordinary items) of the Target Company for the year ended 31 March 2012 was approximately RMB4.0 million (equivalent to approximately HK\$4.9 million). As at 31 August 2012, the unaudited net asset value of the Target Company was approximately RMB23.1 million (equivalent to approximately HK\$28.3 million).

LETTER FROM THE BOARD

The unaudited assets and liabilities of the Target Company as at 31 August 2012, being the latest available date for the most updated financial information of the Target Company, are as follows:

	As at 31 August 2012 <i>(RMB)</i>
Current assets	22,606,477
Non-current assets	106,649,920
Current liabilities	105,530,835
– Accounts payables	80,122,703
– Other payables and accruals	25,353,132
– Salaries payables	55,000
Net current liabilities	82,924,358
Non-current liabilities	590,000
Equity attributable to the shareholders of the Target Company	23,135,562

As at 31 March 2012, the audited total assets and total liabilities of the Target Company amounted to approximately RMB120.8 million and RMB97.6 million respectively. As at 31 August 2012, the unaudited total liabilities of the Target Company amounted to approximately RMB106.1 million. The difference of approximately RMB8.5 million was resulted from the increase in the account payables and other payables and accruals of the Target Company arising from the maintenance and operation of 10MW Geemu Power Station during the five-month period from 1 April 2012 to 31 August 2012. The Target Company has an unaudited accumulated loss of approximately RMB3.7 million up to 31 August 2012. The difference of approximately RMB11.1 million between the unaudited total liabilities of the Target Company as at 31 August 2012 of approximately RMB106.1 million (subject to audit of the relevant figures as at the date of Completion) and the Maximum Borne Liabilities to be borne by the Purchaser of RMB95 million and the Target Audited Loss shall be deducted from the final installment of the Consideration and/or the technology consultancy fee under the Consultation Service Agreement on a dollar-to-dollar basis.

At the Acquisition Completion, the Group's intention on the Target Company was to develop the 10MW Geermu Power Station and the 20MW Delingha Project. Having taken into account the factors as set out in the paragraph headed "Reasons for and benefits of the Disposal" below, the Directors consider that the Disposal represents a prime opportunity for the Group to realise its investment in the Target Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

The Group completed the acquisition of the entire issued share capital of the Vendor in June 2011, details of the Acquisition were set out in the 2011 Circular. As estimated by the Company after conducting budgeting study of the construction period, electricity generation capacity, machinery and equipment purchase and labour involved, the investment in the construction and development of 20MW Delingha Project would amount to approximately RMB240 million. The expenditure in relation to the maintenance and

LETTER FROM THE BOARD

future development of the 10MW Geermu Power Station would amount to approximately RMB10 million. Having taken into account of the sizable capital expenditure required for future construction and development of 10MW Geermu Power Station and 20MW Delingha Project, the Directors consider that the Disposal represents a prime opportunity for the Group to realise its investment and reserve its financial resources for the system integration business and solar energy generation projects with smaller capacity. The proceeds from the Disposal will bring an immediate cash flow to the Group, which will in turn improve the working capital and strengthen the financial position of the Group.

On the date of the Disposal Agreement, the Consultation Service Agreement was entered into between the Vendor and the Purchaser pursuant to which the Group will receive an aggregate service fee of RMB14,210,000 (subject to confirmation from both parties) from the Purchaser for the provision of technology consultation and design services for 20MW Delingha Project.

At the time of the Acquisition, the Group intended to finance a substantial part of the capital expenditure required for the CTSP (BVI) Group from the expected proceeds from subsequent placing exercise(s) to be conducted by the Company and revenue generated from two agreements (“Two System Integration Agreements”) for provision of one-off system integration services for biomass energy, thermal power and solar energy generation companies and projects as mentioned in the 2011 Circular. However, according to the announcement of the Company dated 16 December 2011, the net proceeds from a placing exercise conducted by the Company only amounted to approximately HK\$8.9 million. No placing exercise has been conducted by the Company thereafter and up to the Latest Practicable Date. In addition, as disclosed in the announcement of the Company dated 2 September 2012, the contracting parties to the Two System Integration Agreements were still in the process of obtaining the necessary licenses from the respective governmental authorities so that CTSP (BVI) Group had not yet commenced such system integration services. As such, the Group may be unable to finance the operation of CTSP (BVI) Group as planned at the time of the Acquisition. As at 30 June 2012, the Group had cash and bank balances amounting to a total of approximately HK\$22.5 million. As at 31 August 2012, the unaudited net current liabilities of the Target Company amounted to approximately RMB82.9 million. In view of the above, the Board considers that the Group is under high cash pressure and currently does not have sufficient existing financial resources to develop the 10MW Geermu Power Station and 20MW Delingha Project.

If the Disposal was disapproved by the Shareholders at the EGM, the Target Company may go into liquidation and the Company will lose its investment in the Target Company. However, the liquidity problem is limited to the Target Company only and the Group will not be involved in it. As such, given that two segments of the businesses carried out by the Remaining Group including the (i) sale of self-service ATM systems and printing system; and (ii) provision of hardware and software technical support services are generating revenue and enabling the Group to have sufficient financial resources for operation, the Board are of the view that the Group will not have any going concern problem and will have sufficient working capital for its present requirement for at least 12 months from the date of this circular.

Taking into account that (i) the Group currently does not have sufficient existing financial resources to develop the 10MW Geermu Power Station and 20MW Delingha Project; (ii) the high cash pressure for the settlement of the current liabilities of the Target Company and the sizable capital expenditure required for future construction and development of the 10MW Geermu Power Station and 20MW Delingha Project, the Directors consider that the Disposal represents a prime opportunity for the Group to realise its investment and reserve its financial resources for the system integration business and the solar energy generation business

LETTER FROM THE BOARD

under the Delingha Agreement and other potential opportunities of solar energy generation business with smaller capacity; (iii) the proceeds from the Disposal will bring an immediate cash flow to the Group, which will in turn improve the working capital and strengthen the financial position of the Group; (iv) the Disposal will enable the Group to form a strategic alliance with the Purchaser for the cooperation in 20MW Delingha Project and receive a service fee of RMB14,210,000 (subject to confirmation from both parties) from the Purchaser for provision of services under the Consultation Service Agreement; and (v) the Company may lose its investment in the Target Company if the Target Company goes into liquidation, which is not in the interests of the Company and the Shareholders, the Board therefore considers that the terms and conditions of the Disposal are fair and reasonable and are in the interests of the Company and the Shareholders as a whole although the Group expects to record a loss from the Disposal.

The Target Profit in respect of the Tranche II Convertible Bonds

Reference is made to the 2011 Circular and 2012 Circular in relation to, among other matters, the Acquisition and the entering into of the First Supplemental Agreement in relation to the Target Profit and the adjustment of the Acquisition Consideration.

Pursuant to the Agreement, Good Million conditionally agreed to sell and City Max (a wholly-owned subsidiary of the Company) conditionally agreed to purchase the entire issued share capital of CTSP (BVI) at the Acquisition Consideration of HK\$292,000,000 (subject to consideration adjustment). Good Million and the Guarantors have guaranteed to City Max and the Company that the audited consolidated net profit after tax of the CTSP (BVI) Group (“PAT”) recorded in the ordinary course of business for the 12 months ending 31 March 2012 (“Original Target Profit Period”) shall not be less than HK\$30,000,000. The audited consolidated accounts of CTSP (BVI) Group for the 12 months ending 31 March 2012 shall be prepared by the auditors of the Company in accordance with Hong Kong Financial Reporting Standards and shall be completed within three months after 31 March 2012. The Agreement and the transactions contemplated thereunder were approved by the Shareholders at the extraordinary general meeting of the Company on 31 May 2011. Acquisition Completion took place on 1 June 2011 and CTSP (BVI) has become a wholly-owned subsidiary of the Company since then.

On 30 January 2012, City Max, the Guarantors, Good Million and the Company entered into the First Supplemental Agreement to amend certain terms of the Agreement. Pursuant to the First Supplemental Agreement, the original target profit of HK\$30,000,000 for the Original Target Profit Period is changed to the Target Profit of HK\$40,000,000 for the Target Profit Period of 12 months ending 30 September 2012 and subject to the adjustment of the Acquisition Consideration. The First Supplemental Agreement and the transactions contemplated thereunder were approved by the independent Shareholders at the extraordinary general meeting of the Company on 12 March 2012.

On 2 September 2012, City Max, the Guarantors, Good Million and the Company entered into the Second Supplemental Agreement to amend certain terms of the Revised Agreement. Under the Second Supplemental Agreement, it was proposed that the Target Profit Period would be deferred to cover the period of 12 months ending on 31 March 2013. The Second Supplemental Agreement was terminated by the parties by a termination agreement dated 24 September 2012, details of which were set out in the announcement of the Company dated 24 September 2012.

LETTER FROM THE BOARD

As the Completion will take place after 30 September 2012, the expected gain from the Disposal at the level of CTSP (BVI) Group and the service fees under the Consultation Service Agreement will not be consolidated into the financial statements of CTSP (BVI) Group up to 30 September 2012, and such expected gain and service fees would therefore not be included in the Target Profit for the Target Profit Period. In addition, the contracting parties to the Two System Integration Agreements are still in the process of obtaining the necessary licences from the respective governmental authorities so that the Group has not yet commenced such system integration services. Given the above, the Board is of the view that the Target Profit for the Target Profit Period is unlikely to be met. Further announcement will be made by the Company after the audit of the Target Profit.

According to the Revised Agreement, in the event that the Target Profit could not be achieved, the Acquisition Consideration should be adjusted downwards by reducing the principal amount of the Tranche II Convertible Bonds in accordance with the following formula. The principal amount of the Tranche II Convertible Bonds will be adjusted to HK\$0 if the PAT is equivalent to or less than HK\$15,000,000 or a loss:

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

As such, the Acquisition Consideration might be adjusted to HK\$242,000,000 as the PAT for the Target Profit Period is likely to be less than HK\$15,000,000.

USE OF PROCEEDS

The net proceeds from the Disposal, after deducting expenses attributable to the Disposal, are estimated to be approximately HK\$55.3 million (subject to deduction by the Relevant Balance and Liabilities and the Target Audited Loss). Such net proceeds are expected to be used as to 60% as general working capital of the Group and as to 40% for the development of system integration service business and future solar energy generation projects with smaller capacity within one year after Completion.

POSSIBLE FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Target Company will cease to be a subsidiary of the Company. As a result, the financials of the Target Company will cease to be consolidated into the financial statements of the Group upon Completion.

The Group expects to record an unaudited possible loss from the Disposal of approximately HK\$15.1 million, which is calculated by reference to (i) the net proceeds from the Disposal of approximately HK\$55.3 million (subject to deduction by the Relevant Balance and Liabilities and the Target Audited Loss); (ii) the unaudited accumulated loss of the Target Company up to 31 August 2012 of approximately RMB3.7 million (equivalent to approximately HK\$4.5 million) (subject to audit); (iii) the net asset value of the Target Company as at 31 August 2012 of approximately RMB23.1 million (equivalent to approximately HK\$28.3 million); (iv) the difference of approximately RMB11.1 million (equivalent to approximately HK\$13.6

LETTER FROM THE BOARD

million) between the unaudited total liabilities of the Target Company as at 31 August 2012 of approximately RMB106.1 million (subject to audit of the relevant figures as at the date of Completion) and the Maximum Borne Liabilities to be borne by the Purchaser of RMB95 million; and (v) goodwill derecognized on the Disposal of approximately HK\$24 million. As the aforementioned goodwill of HK\$24 million will be derecognized at the Group's level, the Group is expected to record an unaudited loss from the Disposal whereas the CTSP (BVI) Group is expected to record an unaudited gain as disclosed in the paragraph headed "Consideration" above. It is expected that the total assets and total liabilities of the Group will decrease upon Completion. The proceeds from the Disposal will bring an immediate cash flow to the Group, which will in turn improve the working capital and strengthen the financial position of the Group. If the amount of the total liabilities (including contingent liabilities) of the Target Companies immediately before Completion Date exceeds the Maximum Borne Liabilities of RMB95,000,000 and if the Target Company has Target Audited Loss, the Relevant Balance and Liabilities and the Target Audited Loss shall be deducted from the final installment of the Consideration and/or the service fee under the Consultation Service Agreement. Given that (i) the above adjustments are dollar-to-dollar in nature; and (ii) the operation of the 10MW Geermu Power Station was slowed down and any new purchase of assets of the Target Company shall be jointly approved by the Vendor and the Purchaser after entering into of the Disposal Agreement until Completion and the Group will closely monitor the expenses of the Target Company until Completion so that the Target Company will not incur any material liabilities during such period, the Directors consider that such adjustments would not have material financial impact to the Group.

Shareholders should note that the actual gain/(loss) from the Disposal will be calculated on the basis of the relevant figures as at the date of the Completion and therefore would be different from the aforesaid amount.

BUSINESSES OF THE REMAINING GROUP

Following the Disposal, the Remaining Group will continue to be engaged in (i) sales of self-service ATM systems and printing systems; (ii) provision of hardware and software technical support services; (iii) solar energy generation; and (iv) power system integration business in the PRC.

In respect of marketing and sales of self-service ATM systems and printing systems, as well as the provision of system maintenance and enhancement services to financial institutions, the Remaining Group will continue to maintain its position with new contracts clinched with Postal Savings Bank of China, Bank of Communications, Bank of Shanghai, Bank of Wenzhou, Bank of Yingkou, Rural Commercial Banks, the Rural Credit Cooperatives of China, several branches of the China State Postal Bureau and the Ministry of Public Security of the PRC. The Remaining Group will fully commit itself to being one of the leading ATM total solution providers in the banking sector in the PRC and offer a full range of banking and financial system solutions for the banking and financial sectors, and persist to put efforts on enhancing closer customer relationships, broadening business relationships and exploring new business opportunities in corporate outsourcing technical service sector. Leveraging on its prudent and experienced management and strong and determined workforce, the Remaining Group, by keeping on boosting its marketing effort in the PRC to bring in new customers, will strive to maintain and expand its operations further, thus expanding its market share while at the same time bringing greater return to the Shareholders.

LETTER FROM THE BOARD

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 Remaining Group will continue to source equipment 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 Remaining Group also offers subsequent system management services to the power stations. As mentioned in the 2011 Circular and the 2012 Circular, the Group has secured and signed the Two System Integration Agreements for the provision of one-off system integration services for biomass energy, thermal power and solar energy generation companies and projects. In view of the fact that the contracting parties to the Two System Integration Agreements are still in the process of obtaining the necessary licences from the respective governmental authorities, the Group has not yet commenced such system integration services and therefore no revenue was generated since the acquisition of power system integration business.

The Directors are of the view that the Remaining Group has sufficient expertise in carrying out the power system integration business. The biographies of the Remaining Group's management in the power system integration business are as follows:

Mr. Wang Jian Tong, is the general manager of a subsidiary of the Group mainly responsible for the projects approval, management and corporate operational management. He has 8 years of experience in new energy generation business, who was a key person fully in charge of the construction and implementation of various new energy projects. Mr. Wang joined the Group in June 2011.

Mr. Cao Ming Zhe, is the chief technical engineer of a subsidiary of the Group responsible for the implementation and maintenance of Qinghai solar energy projects. He holds a bachelor degree in Computer Science and Technology of the University of Qinghai with the professional qualification of information system supervisor. He has about 8 years of experience in the photovoltaic industry, and had been the technical chief engineer responsible for the implementation and maintenance of Qinghai solar energy project jointly financed by the PRC and Germany, as well as, various photovoltaic power stations projects. He also participated in the research and compilation of articles on the subjects of various photovoltaic industry projects. He is familiar with solar energy industry requirements and standards, and thus is able to design a photovoltaic power station independently in accordance with the requirements. Mr. Cao joined the Group in June 2011.

With reliance upon the abovementioned expertise of the management and the advanced system integration technologies such as electrical equipment system optimization technologies, the Remaining Group will expand its system integration services and technology consultancy services through securing more contracts for provision of such services to more solar photovoltaic power generation projects in the PRC. In addition, the Remaining Group will commence provision of system integration services under the Two System Integration Agreements upon obtaining of the requisite licenses by the contracting parties which are expected to be obtained in October 2012 based on the communication between the two contracting parties and the relevant governmental authorities. The estimated capital needs for the development of the Group's power system integration services in the coming year would amount to approximately HK\$10 million. As the

LETTER FROM THE BOARD

power system integration services mainly rely upon the expertise and technologies of the Group, which is not capital intensive, the Directors are of the view that the power system integration business will speed up the capital turnover and strengthen the profitability of the Remaining Group.

Given the sizable capital expenditure required for the 10MW Geermu Power Station and the 20MW Delingha Project, the Company was considering disposing of the Target Company during the year ended 31 March 2012. Therefore, the assets and liabilities of solar energy generation business in relation to the 10MW Geermu Power Station was reclassified as held for sale at the end of the reporting period and the results and cash flows of the solar energy generation in relation to the 10MW Geermu Power Station were presented as discontinued operations in the consolidated statement of comprehensive income and the consolidated statement of cash flows of the Group for the year ended 31 March 2012. However, the Remaining Group will continue its investment in solar energy generation projects of smaller capacity and less capital expenditure requirement. As at the Latest Practicable Date, the Group was still in the process of looking for such solar energy generation projects and the specific capacity and capital requirements would be determined at a later stage according to each specific project.

GENERAL

As the applicable percentage ratios as defined under Rule 19.07 of the GEM Listing Rules in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules. Pursuant to Rule 17.48A of GEM Listing Rules, subject to certain exceptions as provided for in the GEM Listing Rules, a director of an issuer shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting. Good Million was the vendor of CTSP (BVI) at the time of the Acquisition and had, together with Mr. Chiu and Ms. Yuen, guaranteed the fulfillment of the Target Profit to City Max (a wholly-owned subsidiary of the Company) and the Company. Ms. Yuen did not attend the board meeting. As a result, she did not vote in the board meeting. Mr. Chiu who entered into the Second Supplemental Agreement on 2 September 2012 in relation to the Target Profit, had voted for the resolution to approve the Disposal at the board meeting held on 6 September 2012 as he thought he had no material interest in the Disposal given that the Purchaser is an Independent Third Party. Nevertheless, Mr. Chiu might be considered having a material interest in the Disposal at the time of the board meeting due to his entering into of the Second Supplemental Agreement which may facilitate the CTSP (BVI) Group to meet the Target Profit and if the CTSP (BVI) Group records the Target Profit of HK\$40 million, the Company would release the Tranche II Convertible Bond of HK\$50 million to Good Million under the consideration mechanism under the Agreement and Mr. Chiu shall neither have voted nor have been counted in the quorum at the board meeting in that case. However, at the time of entering into of the Disposal Agreement, the Board and Mr. Chiu considered that the Target Profit would be met mainly by the profit contribution of approximately RMB32.0 million from the Two System Integration Agreements as if the licences were obtained by the contracting parties during the Target Profit Period, instead of the gain which may be recorded by the CTSP (BVI) Group from the Disposal. In addition, Mr. Chiu was actively securing other contracts for provision of system integration contracts, which might probably generate income during the Target Profit Period.

LETTER FROM THE BOARD

In view of that (i) the contracting parties to the Two System Integration Agreements are still in the process of obtaining the necessary licences from the respective governmental authorities so that the Group has not yet commenced such system integration services and the Target Profit for the Target Profit Period is unlikely to be met; (ii) the Completion will take place after 30 September 2012, the expected gain from the Disposal at the level of CTSP (BVI) Group and the service fees under the Consultation Service Agreement will not be consolidated into the financial statements of CTSP (BVI) Group up to 30 September 2012, and such expected gain and service fees would therefore not be included in the Target Profit for the Target Profit Period; (iii) Mr. Chiu and Ms. Yuen entered into a termination agreement on 24 September 2012 with City Max, Good Million and the Company to terminate the Second Supplemental Agreement; and (iv) assuming that Mr. Chiu did not attend or vote at the board meeting, the resolution approving the Disposal could still be passed by the other Directors in present at the board meeting, the Board believes that Mr. Chiu and Ms. Yuen have same interest as other Shareholders in the Disposal.

As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Directors believe that both of Mr. Chiu and Ms. Yuen have same interest as other Shareholders in the Disposal. Neither the Purchaser nor its ultimate beneficial owner(s) hold any Shares and none of the Shareholders had an interest in the Disposal that is required to abstain from voting for the resolution(s) at the EGM to approve the Disposal and the transactions contemplated thereunder.

EGM

A notice convening the EGM to be held at Horizon Room, 7th Floor, Metropark Hotel Causeway Bay Hong Kong, 148 Tung Lo Wan Road, Causeway Bay, Hong Kong on 21 October 2012 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the ordinary resolution to approve the Disposal Agreement and the transactions contemplated thereunder is set out on pages 38 to 40 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjournment thereof to the principal office of the Company in Hong Kong at Room 1104, SUP Tower, 75 King's Road, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the Disposal 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 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 additional information set out in the appendices to this circular.

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

1. STATEMENT OF INDEBTEDNESS

As at the close of business of 31 August 2012, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had borrowings and outstanding convertible bonds of approximately HK\$184,318,000 comprising:

- (i) Unsecured other borrowings of approximately HK\$33,218,000; and
- (ii) Principal outstanding of convertible bonds of approximately HK\$151,100,000.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, loans, bank overdraft or other similar indebtedness, financial lease or hire purchase commitments, liabilities under acceptances or acceptance credits guarantees or other material contingent liabilities as at 31 August 2012.

2. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that after taking into account the internal financial resources of the Group and the consideration to be received in connection with the Disposal and the Consultation Service Agreement, the Group will have sufficient working capital for its present requirements for at least 12 months from the date of this circular, in the absence of any unforeseeable circumstances.

3. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

Following the Disposal, the Remaining Group will continue to be engaged in (i) sales of self-service ATM systems and printing systems; (ii) provision of hardware and software technical support services; (iii) solar energy generation; and (iv) power system integration business in the PRC.

In respect of marketing and sales of self-service ATM systems and printing systems, as well as the provision of system maintenance and enhancement services to financial institutions, the Remaining Group will continue to maintain its position with new contracts clinched with Postal Savings Bank of China, Bank of Communications, Bank of Shanghai, Bank of Wenzhou, Bank of Yingkou, Rural Commercial Banks, the Rural Credit Cooperatives of China, several branches of the China State Postal Bureau and the Ministry of Public Security of the PRC. The Remaining Group will fully commit itself to being one of the leading ATM total solution providers in the banking sector in the PRC and offer a full range of banking and financial system solutions for the banking and financial sectors, and persist to put efforts on enhancing closer customer relationships, broadening business relationships and exploring new business opportunities in corporate outsourcing technical service sector. Leveraging on its prudent and experienced management and strong and determined workforce, the Remaining Group, by keeping on boosting its marketing effort in the PRC to bring in new customers, will strive to maintain and expand its operations further, thus expanding its market share while at the same time bringing greater return to the Shareholders.

With reliance upon the expertise of the management mentioned in the paragraph headed “Business of the Remaining Group” in the “Letter from the Board” of this circular and the advanced system integration technologies such as electrical equipment system optimization technologies, the Remaining Group will

expand its system integration services and technology consultancy services through securing more contracts for provision of such services to more solar photovoltaic power generation projects in the PRC. In addition, the Remaining Group will commence provision of system integration services under the Two System Integration Agreements upon obtaining of the requisite licenses by the contracting parties which are expected to be obtained in October 2012 based on the communication between the two contracting parties and the relevant governmental authorities. The estimated capital needs for the development of the Group's power system integration services in the coming year would amount to approximately HK\$10 million. As the power system integration services mainly rely upon the expertise and technologies of the Group, which is not capital intensive, the Directors are of the view that the power system integration business will speed up the capital turnover and strengthen the profitability of the Remaining Group.

Given the sizable capital expenditure required for the 10MW Geermu Power Station and the 20MW Delingha Project, the Company was considering disposing of the Target Company during the year ended 31 March 2012. Therefore, the assets and liabilities of solar energy generation business in relation to the 10MW Geermu Power Station was reclassified as held for sale at the end of the reporting period and the results and cash flows of the solar energy generation in relation to the 10MW Geermu Power Station were presented as discontinued operations in the consolidated statement of comprehensive income and the consolidated statement of cash flows of the Group for the year ended 31 March 2012. However, the Remaining Group will continue its investment in solar energy generation projects of smaller capacity and less capital expenditure requirement. As at the Latest Practicable Date, the Group was still in the process of looking for such solar energy generation projects and the specific capacity and capital requirements would be determined at a later stage according to each specific project.

A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**Unaudited Pro Forma Consolidated Assets and Liabilities Statement**

The unaudited pro forma consolidated assets and liabilities statement of the Remaining Group (the “Unaudited Pro Forma Consolidated Assets and Liabilities Statement”) has been prepared in accordance with Rule 7.31 of the GEM Listing Rules for the purpose of illustrating the effect of the Disposal as if the Disposal had been completed on 31 March 2012.

The Unaudited Pro Forma Consolidated Assets and Liabilities Statement is based on the audited consolidated statement of financial position of the Group as at 31 March 2012, after making pro forma adjustments relating to the Disposal that are (i) directly attributable to the transaction and (ii) factually supportable.

The Unaudited Pro Forma Consolidated Assets and Liabilities Statement is based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Consolidated Assets and Liabilities Statement does not purport to describe the actual financial position of the Remaining Group that would have been attained had the Disposal been completed on 31 March 2012. The Unaudited Pro Forma Consolidated Assets and Liabilities Statement does not purport to predict the future financial position of the Remaining Group.

The Unaudited Pro Forma Consolidated Assets and Liabilities Statement should be read in conjunction with the historical financial information of the Group as set out in Appendix I to this circular and other financial information included elsewhere in this circular. The Unaudited Pro Forma Consolidated Assets and Liabilities Statement does not take account of any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Group included in the Unaudited Pro Forma Consolidated Assets and Liabilities Statement.

The Unaudited Pro Forma Consolidated Assets and Liabilities Statement has been prepared by the Directors for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group following completion of the Disposal or at any future date.

APPENDIX II**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

	The Group as at 31 March 2012 HK\$'000	Pro forma adjustment HK\$'000 Note 1	Pro forma adjustment HK\$'000 Note 2	Total HK\$'000
Non-current assets				
Property, plant and equipment	1,289			1,289
Goodwill	235,999			235,999
	<u>237,288</u>			<u>237,288</u>
Current assets				
Inventories	9,225			9,225
Accounts receivables	8,212			8,212
Other receivables, deposits and prepayments	3,076			3,076
Held-to-maturity financial assets	11,103			11,103
Available-for-sale financial assets	10,610			10,610
Financial assets at fair value through profit or loss	6,388			6,388
Bank balances and cash	3,849		55,246	59,095
	<u>52,463</u>			<u>107,709</u>
Assets classified as held for sale	171,843	(171,843)		–
	<u>224,306</u>			<u>107,709</u>
Current liabilities				
Accounts payables	3,438	3,186		6,624
Other payables and accruals	47,282			47,282
Other loan	7,168			7,168
Receipt in advance	322			322
	<u>58,210</u>			<u>61,396</u>
Liabilities associated with assets held for sale	119,408	(119,408)		–
	<u>177,618</u>			<u>61,396</u>
Net current assets	<u>46,688</u>			<u>46,313</u>

APPENDIX II

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

	The Group as at 31 March 2012 <i>HK\$'000</i>	Pro forma adjustment <i>HK\$'000</i> <i>Note 1</i>	Pro forma adjustment <i>HK\$'000</i> <i>Note 2</i>	Total <i>HK\$'000</i>
Total assets less current liabilities	<u>283,976</u>			<u>283,601</u>
Non-current liabilities				
Convertible bonds	44,845			44,845
Deferred tax liabilities	<u>20,697</u>			<u>20,697</u>
	<u>65,542</u>			<u>65,542</u>
Net assets	<u>218,434</u>			<u>218,059</u>
Capital and reserves				
Share capital	92,659			92,659
Reserves	<u>125,775</u>	(576)	201	<u>125,400</u>
Shareholders' funds	<u>218,434</u>			<u>218,059</u>

Notes to the Unaudited Pro Forma Consolidated Assets and Liabilities Statement:

1. The adjustment represents the exclusion of the assets and liabilities attributable to the Group as at 31 March 2012 as if the Disposal had been completed on 31 March 2012.

As the purchaser will be liable for the liabilities of the Target Company not exceeds approximately HK\$116,222,000 (RMB95,000,000), the balances of approximately HK\$3,186,000 was reclassified as the Group's liabilities.

2. The adjustment represents the net consideration of approximately HK\$55,246,000 comprising (i) the Consideration of HK\$57,255,000, (ii) the estimated expenses to be incurred in connection with the Disposal of approximately HK\$2,000,000 and (iii) the accumulated losses of the Target Company of approximately HK\$9,000 as of 31 March 2012.

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**W.H. TANG
& PARTNERS
CPA LIMITED**

To the Directors of China Technology Solar Power Holdings Limited

We report on the unaudited pro forma financial information of China Technology Solar Power Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) as set out in Section A entitled “Unaudited Pro Forma Financial Information of the Remaining Group” of Appendix II (the “Pro Forma Financial Information”) to the Company’s circular dated 5 October 2012 (the “Circular”) in connection with the disposal transaction whereby the Company proposes to dispose of 100% equity interest in Qinghai Baike Solar Power Co., Ltd. The Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Disposal (as defined in the Circular) might have affected the financial information presented. The basis of preparation of the Pro Forma Financial Information is set out in Section A of Appendix II of the Circular.

Respective responsibilities of the directors of the Company and the reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that

such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to paragraph 7.31 of the GEM Rules.

The Pro Forma Financial Information has been prepared for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 March 2012 or any future date.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Yours faithfully,

W.H. Tang & Partners CPA Limited
Certified Public Accountants
Hong Kong, 5 October 2012

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. 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 is 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:

Directors' interests in the issued Shares

Name of Directors	Capacity	Number of Shares held (Note 1)	Approximate percentage of the total issued share capital of the Company
			(Note 2)
Mr. Chiu (Executive Director)	Interests of controlled corporation (Note 3)	317,766,038 ordinary Shares (L)	34.29%
Ms. Yuen (Executive Director)	Interests of spouse (Note 3)	317,766,038 ordinary Shares (L)	34.29%
Mr. Hou Hsiao Bing (Executive Director)	Beneficial owner	131,150,000 ordinary Shares (L)	14.15%
Mr. Hou Hsiao Wen (Executive Director)	Beneficial owner	25,370,000 ordinary Shares (L)	2.74%

Notes:

- The letter "L" represents the long position in the shares and underlying shares of the Company.

2. As at the Latest Practicable Date, the entire issued share capital of the Company was 926,592,072 Shares.
3. Mr. Chiu and Ms. Yuen held 70% and 30% interest in the entire issued share capital of Good Million respectively. 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.

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

Name of Directors	Name of associated corporations	Number of shares interested	Capacity	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 were 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 Good Million, 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 2012, 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 were 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 Shares interested (Note 1)	Capacity	Approximate percentage of the total issued share capital of the Company (Note 2)
Good Million	317,766,038 ordinary Shares (L)	Beneficial owner (Note 3)	34.29%
Mr. Qin Zhongde	88,000,000 ordinary Shares (L)	Beneficial owner (Note 4)	9.50%
China Technology Development Group Corporation	57,313,962 ordinary Shares (L)	Beneficial owner (Note 5)	6.19%

Notes:

- The letter "L" represents the long position in the shares and underlying shares of the Company.
- As at the Latest Practicable Date, the entire issued share capital of the Company was 926,592,072 Shares.
- Mr. Chiu and Ms. Yuen, both being executive Directors, held 70% and 30% interest in the entire issued share capital of Good Million.
- 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.
- BHL Solar Technology Company Limited is wholly-owned by China Technology Development Group Corporation.

Save as disclosed above, as at the Latest Practicable Date, no person or entity 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.

4. 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.

5. 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).

6. EXPERT AND CONSENT

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

Name	Qualification
W.H. Tang & Partners CPA Limited	Certified Public Accountants

W.H. Tang & Partners CPA Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of the text of its opinion and references to its name and its opinion in the form and context in which they respectively appear.

As at the Latest Practicable Date, W.H. Tang & Partners CPA Limited 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 W.H. Tang & Partners CPA Limited 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 2012, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. MATERIAL CONTRACTS

Save and except the transactions disclosed below, there are no material contracts (being contracts entered outside the ordinary course of business carried on or intended to be carried on by the Group) having been entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date:

- (a) the Disposal Agreement;
- (b) the Second Supplemental Agreement;
- (c) the termination agreement dated 24 September 2012 entered into by City Max, the Company, Good Million, Mr. Chiu and Ms. Yuen to terminate the Second Supplemental Agreement;
- (d) the First Supplemental Agreement;
- (e) the placing agreement dated 6 December 2011 entered into between Mr. Hou Hsiao Bing (“Mr. Hou”), the Company and Yee On Securities Limited (“Yee On”) in relation to the top-up placing of up to 89,000,000 Shares to placees at the placing price of HK\$0.30 per placing Share;
- (f) the subscription agreement dated 6 December 2011 entered into between the Company and Mr. Hou in relation to the subscription of a maximum number of 89,000,000 subscription Shares by Mr. Hou at the subscription price of HK\$0.30 per subscription Share;
- (g) the placing agreement dated 4 November 2011 entered into among Good Million, Mr. Hou, the Company and Yee On in relation to the top-up placing of 178,000,000 Shares to placees at the placing price of HK\$0.36 per placing Share;
- (h) the termination agreement dated 16 November 2011 entered into among Good Million, Mr. Hou, the Company and Yee On in relation to the termination of the placing agreement in (g) above;
- (i) the subscription agreement dated 4 November 2011 entered into between the Company and Mr. Hou in relation to the subscription of a maximum number of 131,150,000 Shares by Mr. Hou at the subscription price of HK\$0.36 per subscription Share;

- (j) the termination agreement dated 16 November 2011 entered into between Mr. Hou and the Company in relation to the termination of the subscription agreement in (i) above;
- (k) the subscription agreement dated 4 November 2011 entered into between the Company and Good Million in relation to the subscription of a maximum number of 46,850,000 Shares by Good Million at the subscription price of HK\$0.36 per subscription Share;
- (l) the termination agreement dated 16 November 2011 entered into between Good Million and the Company in relation to the termination of the subscription agreement in (k) above;
- (m) the placing agreement dated 5 September 2011 entered into between Cinda International Securities Limited (“CISL”) and the Company in relation to the placing of up to 147,000,000 Shares to placees at the price of HK\$0.53 per Share;
- (n) the termination agreement dated 8 September 2011 entered into between the Company and CISL in relation to the termination of the placing agreement in (m) above;
- (o) the top-up placing agreement dated 8 September 2011 entered into among Mr. Hou, Mr. Hou Hsiao Wen, the Company and CISL in relation to the top-up placing of up to 147,000,000 Shares at the price of HK\$0.53 per Share;
- (p) the termination agreement dated 8 September 2011 entered into among Mr. Hou, Mr. Hou Hsiao Wen, the Company and CISL in relation to the termination of the top-up placing agreement in (o) above;
- (q) the subscription agreement dated 8 September 2011 entered into between Mr. Hou and the Company in relation to the subscription of a maximum number of 131,150,000 Shares at the subscription price of HK\$0.53 per subscription Share;
- (r) the termination agreement dated 8 September 2011 entered into between Mr. Hou and the Company in relation to the termination of the subscription agreement in (q) above;
- (s) the subscription agreement dated 8 September 2011 between Mr. Hou Hsiao Wen and the Company in relation to the subscription of a maximum number of 15,850,000 Shares at the subscription price of HK\$0.53 per subscription Share;
- (t) the termination agreement dated 8 September 2011 entered into between Mr. Hou Hsiao Wen and the Company in relation to the termination of the subscription agreement in (s) above;
- (u) the conditional sale and purchase agreement dated 13 December 2010 entered into among City Max, the Company, Good Million, Mr. Chiu and Ms. Yuen in relation to the Acquisition at the Acquisition Consideration;
- (v) the non-legally binding memorandum of understanding dated 15 October 2010 entered into among City Max, Good Million and Mr. Chiu in relation to the Acquisition;

- (w) the letter of intent dated 10 November 2010 entered into between City Max as vendor and Power Metro Investments Limited as purchaser in relation to a proposed acquisition of 51% of the entire issued shares in Solar Market Limited at a consideration of no more than HK\$100,000,000;
- (x) the convertible bonds placing agreement dated 18 October 2010 entered into between the Company and Quam Securities Company Limited (“Quam Securities”) in relation to the placing of convertible bonds in the aggregate principal amount of up to HK\$26,000,000;
- (y) the placing agreement dated 18 October 2010 entered into among Mr. Hou, the Company and Quam Securities in relation to the placing of up to 78,400,000 Shares to placees at the placing price of HK\$0.50 per placing Share; and
- (z) the subscription agreement dated 18 October 2010 entered into between the Company and Mr. Hou in relation to the subscription of a maximum number of 78,400,000 subscription Shares by Mr. Hou at the subscription price of HK\$0.50 per subscription Share.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in financial or trading position of the Group since 31 March 2012, being the date of which the latest published audited consolidated financial statements of the Group were made up.

9. LITIGATION

As at the Latest Practicable Date, so far as the Directors were aware of, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claims of material importance pending or threatened by or against any member of the Group.

10. 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 the date of EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the letter from the Board, the text of which is set out on pages 6 to 21 of this circular;
- (c) the unaudited pro forma financial information of the Remaining Group, the text of which is set out in appendix II to this circular;
- (d) the letters of consent from W.H. Tang & Partners CPA Limited referred to in the paragraph headed “Expert and consent” in this appendix;

- (e) material contracts as referred to in the section headed “Material contracts” in this appendix;
- (f) service contracts as referred to in the section headed “Directors’ service contracts” in this appendix;
- (g) the Company’s annual reports for the three years ended 31 March 2012;
- (h) the Disposal Agreement; and
- (i) this circular.

11. MISCELLANEOUS

- (i) The company secretary of the Company is Ms. Chan Mi Ling, Anita who is also the chief financial officer and one of the authorised representatives of the Company. Ms. Chan Mi Ling, Anita is a certified public accountant registered with the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Accountants in England and Wales and a fellow member of Association of Chartered Certified Accountants.
- (ii) The compliance officer of the Company is Ms. Hu Xin, who is also an executive Director and one of the authorized representatives of the Company.
- (iii) The Company established an audit committee (“**Audit Committee**”) on 13 December 2000 with written terms of reference in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. During 1 April 2011 up to 5 July 2011, the Audit Committee comprised four members, namely Mr. Tam Kam Biu, William, Mr. Lai Chun Hung, Ms. Zhang Dandan and Mr. Tang Renhao, all of whom were independent non-executive Directors. Mr. Tam Kam Biu, William was the chairman of the Audit Committee. Following the resignation of Mr. Lai Chun Hung on 5 July 2011, the Audit Committee was re-constituted on 5 July 2011. With effect from 5 July 2011, the Audit Committee comprised three independent non-executive Directors, namely (i) Mr. Tam Kam Biu, William as chairman; (ii) Ms. Zhang Dandan; and (iii) Mr. Tang Renhao. Following the resignation of Ms. Zhang Dandan and Mr. Tang Renhao and the appointment of Mr. Zhou Jing and Mr. Yang Guocai as independent non-executive Directors on 29 July 2011, the Audit Committee comprises three independent non-executive Directors, namely, (i) Mr. Tam Kam Biu, William as chairman; (ii) Mr. Zhou Jing; and (iii) Mr. Yang Guocai. Audit Committee’s principal duties are to review and supervise the financial reporting process and internal control procedures of the Group.

Mr. Tam Kam Biu, William, aged 56, is an associate member of the Hong Kong Institute of Certified Public Accountants since 1987 and an associate member of the Association of Chartered Certified Accountants since 1988. He graduated from the York University of Canada and holds a Master Degree of Business Administration major in finance and a Bachelor Degree of Business Administration major in Accounting. He has got more than 17 years’ experience taking the positions as chief financial officer in a number of large listed companies and is currently an executive director and the company secretary of China Bio Cassava Holdings Limited (Stock Code: 8129), a company incorporated in the Cayman Islands whose securities

are listed on GEM and a non-executive director of Viagold Capital Limited, a company incorporated in Bermuda whose securities are listed on The Australian Stock Exchange Limited. Mr. Tam was an independent non-executive director of China Solar Energy Holdings Limited (Stock Code: 155), a company incorporated in Bermuda whose securities are listed on the Main Board of the Stock Exchange until 5 May 2011.

Mr. Zhou Jing (“Mr. Zhou”), aged 61, completed the study in boiler professional (鍋爐專業) in power machinery faculty (動力機械系) in Xi’an Jiaotong University, the PRC. Mr. Zhou is a senior economist (高級經濟師) and a professional supervision engineer (專業監理工程師). Mr. Zhou worked in Northwest Power Construction Group Corporation from 1996 to 2009. Mr. Zhou is experienced in providing management and electronic system management training. Mr. Zhou was appointed as an independent non-executive Director on 29 July 2011.

Mr. Yang Guocai (“Mr. Yang”), aged 58, holds a Bachelor degree in Glassland from Gansu Agricultural University, the PRC. Mr. Yang is a certified senior project manager (IPMA Level B) accredited by the International Project Management Association. Mr. Yang was secretariat (秘書長) of the Gansu Provincial Branch of the China Council for the Promotion of International during the period from March 2002 to January 2010. Mr. Yang is experienced in project management. Mr. Yang was appointed as an independent non-executive Director on 29 July 2011.

- (iv) The address of registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (v) The head office and principal place of business in Hong Kong is located at Room 1104, SUP Tower, 75 King’s Road, Hong Kong.
- (vi) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (vii) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.

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, 7th Floor, Metropark Hotel Causeway Bay Hong Kong, 148 Tung Lo Wan Road, Causeway Bay, Hong Kong at 11:00 a.m. on 21 October 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 disposal agreement (“**Disposal Agreement**”) dated 6 September 2012 entered into by China Technology Solar Power Holdings Limited (a wholly-owned subsidiary of the Company) as vendor (“**Vendor**”) and 青海省綠色發電集團有限公司 (unofficial English translation being Qinghai Green Power Generation Group Ltd.) as purchaser (“**Purchaser**”) in relation to the disposal of the entire equity interest in Qinghai Baike Solar Power Co., Ltd* (青海百科光電有限責任公司) by the Vendor to the Purchaser at a consideration of RMB46,800,000 (subject to deduction as provided for in the Disposal Agreement) (as described in the circular of the Company dated 5 October 2012 (“**Circular**”), a copy of which marked “A” and initialed by the chairman of the meeting for identification purpose has been tabled at the meeting) be and are hereby confirmed, approved and ratified; and
- (b) all transactions contemplated under the Disposal Agreement be and are hereby approved and the directors of the Company (“**Directors**”) or a duly authorised committee of the board of Directors be and are/is hereby authorised to do all such acts and things (including, without limitation, signing, executing (under hand or under seal), perfecting and delivery of all agreements, documents and instruments on behalf of the Company) which are in their opinion necessary, appropriate, desirable or expedient to implement or to give effect to the terms of the Disposal Agreement and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith that are,

* For identification purposes only

NOTICE OF EXTRAORDINARY GENERAL MEETING

in the opinion of the Directors, not material to the terms of the Disposal Agreement and all transactions contemplated thereunder and are in the interests 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, 5 October 2012

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
Hou Hsiao Bing
Hou Hsiao Wen
Hu Xin

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 principal office of the Company in Hong Kong at Room 1104, SUP Tower, 75 King's Road, 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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

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.