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CHINA SOLAR ENERGY HOLDINGS LIMITED

中國源暢光電能源控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 155)

CONNECTED TRANSACTIONS

Changzhou Solar, an indirect wholly-owned subsidiary of the Company, entered into the First Purchase Agreement and the Second Purchase Agreement with Jiangsu Zhunti on 28 April 2011 and 28 May 2011 respectively, whereby Changzhou Solar purchased certain photovoltaic products from Jiangsu Zhunti during its usual and ordinary course of business.

As Jiangsu Zhunti is a connected person of the Company pursuant to the Listing Rules, the Purchases under the First Purchase Agreement and the Second Purchase Agreement constitute connected transactions of the Company pursuant to the Listing Rules.

As each of the applicable percentage ratios (as defined in the Listing Rules) with respect to the aggregate transaction value of the Purchases was more than 0.1% and less than 5%, the Purchases were only subject to the reporting and announcement requirements but were exempt from the independent shareholders' approval requirements pursuant to the Listing Rules.

Due to inadvertent omission and unintentional oversight, the Purchases have not been previously announced in a timely manner in accordance with the Listing Rules.

THE PURCHASES

Changzhou Solar, an indirect wholly-owned subsidiary of the Company, entered into the First Purchase Agreement and the Second Purchase Agreement with Jiangsu Zhunti on 28 April 2011 and 28 May 2011 respectively, whereby Changzhou Solar purchased certain photovoltaic products from Jiangsu Zhunti.

The Purchases amounted to an aggregate value of approximately RMB6.79 million. The Purchases were carried out during the usual and ordinary course of business of Changzhou Solar, after arm's length negotiation and on normal commercial terms. The prices at which the photovoltaic products were purchased by Changzhou Solar from Jiangsu Zhunti were determined with reference to the prevailing market prices comparable to prices offered to the Group by other suppliers who are Independent Third Parties. Credit terms offered to Changzhou Solar by Jiangsu Zhunti in respect of the payments for the Purchases were in line with the normal credit terms granted to the Group by other suppliers who are Independent Third Parties.

REASON FOR THE PURCHASES

The Group is principally engaged in photovoltaic business and strategic investments while Jiangsu Zhunti is principally engaged in manufacturing of air-conditioners of vehicles. The Group requires photovoltaic products from time to time during its usual and ordinary course of business operations. During the year ended 31 March 2012, Changzhou Solar carried out the Purchases by entering into the First Purchase Agreement and the Second Purchase Agreement with Jiangsu Zhunti in order to meet the Group's normal demand for such photovoltaic products at those times.

Having considered that (i) the terms of the Purchases between Changzhou Solar and Jiangsu Zhunti were agreed after arm's length negotiation, (ii) such terms were comparable with those offered by other suppliers of the Group who are Independent Third Parties, and (iii) the Purchases were entered into during the usual and ordinary course of business of Changzhou Solar, the Directors (including the independent non-executive Directors) consider that the Purchases were fair and reasonable and were in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Yeung, the chairman and an executive Director of the Company, is indirectly interested in the entire equity interest in Jiangsu Zhunti. As such, Jiangsu Zhunti is a connected person of the Company pursuant to the Listing Rules. Consequently, the Purchases constitute connected transactions of the Company pursuant to the Listing Rules.

As each of the Purchases under the First Purchase Agreement and the Second Purchase Agreement was carried out by Changzhou Solar with the same party and involved the purchase of the same kind of products, the Purchases are required to be aggregated pursuant to the Listing Rules. As each of the applicable percentage ratios (as defined in the Listing Rules) with respect to the aggregate transaction value of the Purchases was more than 0.1% and less than 5%, the Purchases were only subject to the reporting and announcement requirements but were exempt from the independent shareholders' approval requirements pursuant to the Listing Rules.

Due to inadvertent omission and unintentional oversight, the Purchases have not been previously announced in a timely manner in accordance with the Listing Rules.

The Board confirms that none of the Directors has a material interest in the Purchases except for Mr. Yeung, who is, as disclosed above, indirectly interested in the entire equity interest in Jiangsu Zhunti. Mr. Yeung has abstained from voting on the board resolution in respect of the Purchases.

REMEDIAL ACTIONS

In view of the aforesaid inadvertent omission, the Directors consider that it is necessary and appropriate to publish this announcement in order to comply with the announcement requirements in respect of the Purchases.

As there are other suppliers available in the market for the photovoltaic products, it is the current intention of the Directors that no more transactions will be entered into between the Group and Jiangsu Zhunti.

To prevent the occurrence of similar inadvertent omission in the future, the Group has adopted and will adopt (as the case may be) the following measures.

- (i) The Company has reviewed all previous transactions carried out by the Group and confirmed that there does not exist any connected transaction which required to be but has not yet been reported and/or approved by independent Shareholders, other than the Purchases.
- (ii) The Company has assigned a staff member to establish a databank of connected persons so that the Company and each of its subsidiaries could easily identify the connected persons and determine whether a contemplated transaction is a connected transaction. Such staff member will review the connected relationship on an ongoing basis and keep the information in the databank updated at all times.
- (iii) The Company will provide a more detailed guideline relating to notifiable and connected transactions under the Listing Rules for the purchase and finance staffs of the Company and its subsidiaries in order to strengthen and reinforce their existing knowledge with respect to notifiable and connected transactions. The Company has also set up a reporting guideline such that each member of the Group shall report those transactions which are in the ordinary course of business but may constitute potential connected transactions to the head office in Hong Kong for approval prior to the entering into of those transactions.
- (iv) The Company is going to provide relevant training to the management staff members of Changzhou Solar to reinforce their understanding of and the importance of compliance with the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Changzhou Solar”	常州源暢光電能源有限公司 (Changzhou Stream Solar Energy Co., Ltd), a wholly foreign-owned enterprise incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Company”	China Solar Energy Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“First Purchase Agreement”	the agreement dated 28 April 2011 entered into between Changzhou Solar and Jiangsu Zhunti in relation to the purchase of certain photovoltaic products by Changzhou Solar from Jiangsu Zhunti
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and its ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons

“Jiangsu Zhunti”	江蘇准提機械製造有限公司 (Jiangsu Zhunti Machinery Manufacturing Limited*), a company incorporated under the laws of the PRC and indirectly wholly-owned by Mr. Yeung
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yeung”	Mr. Yeung Ngo, the chairman and an executive Director of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchases”	the purchases of certain photovoltaic products by Changzhou Solar from Jiangsu Zhunti pursuant to the First Purchase Agreement and the Second Purchase Agreement
“Second Purchase Agreement”	the agreement dated 28 May 2011 entered into between Changzhou Solar and Jiangsu Zhunti in relation to the purchase of certain photovoltaic products by Changzhou Solar from Jiangsu Zhunti
“Share(s)”	the share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By order of the Board
CHINA SOLAR ENERGY HOLDINGS LIMITED
Pierre Seligman
Managing Director

Hong Kong, 28 June 2012

As at the date of this announcement, the Board comprises eight Directors, of which four are executive Directors, namely Mr. Yeung Ngo, Mr. Yang Yuchun, Ms. Jin Yan and Mr. Pierre Seligman; one is non-executive Director, namely Mr. On Kien Quoc; and four are independent non-executive Directors, namely Mr. Yin Tat Man, Mr. Choi Shek Chau, Mr. Choy Tak Ho and Mr. Fan Chuan.

** for identification purpose only*