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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)

ANNOUNCEMENT

This announcement is made by China Solar Energy Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Rule 13.09(2)(a) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company was informed by the Stock Exchange that certain complaints have been filed with the Stock Exchange, which alleged that (i) the registration of 常州源暢光電能源有限公司 (the “**Changzhou Subsidiary**”), being a wholly foreign-owned enterprise established in the People’s Republic of China (the “**PRC**”) and a wholly-owned subsidiary of the Company, has been revoked by the local administration for industry and commerce (the “**1st Allegation**”); (ii) all the assets of 大理源暢光電能源有限公司 (the “**Dali Subsidiary**”, together with the Changzhou Subsidiary, the “**PRC Subsidiaries**”), being a wholly foreign-owned enterprise established in the PRC and a wholly-owned subsidiary of the Company, have been frozen for the reason that the registered capital of the Dali Subsidiary has not been paid up in accordance with the relevant PRC laws (the “**2nd Allegation**”); and (iii) each of Mr. Yeung Ngo (“**Mr. Yeung**”), the chairman and executive director of the Company, Mr. Yang Yuchun (“**Mr. Yang**”), an executive director of the Company, and Mr. Hao Guojun (“**Mr. Hao**”, together with Mr. Yeung and Mr. Yang, collectively known as the “**Relevant Directors**”), a non-executive director of the Company, have been detained by the PRC authority due to fraudulent acts in

* *For identification purpose only*

the PRC which involved the major assets of two subsidiaries of the Company in the PRC (the “**3rd Allegation**”, together with the 1st Allegation and the 2nd Allegation, collectively known as the “**Allegations**”).

Upon notification of the Allegations by the Stock Exchange, the Board has sought advice from its PRC legal advisers in order to ascertain the validity of the Allegations. Based on the investigation conducted by the PRC legal advisers of the Company, the Board would like to provide the following information to the shareholders (the “**Shareholders**”) of the Company in connection with the Allegations as follows:

1st Allegation

The Changzhou Subsidiary is a wholly foreign-owned enterprise established in the PRC on 14 March 2007 and has an initial registered capital of US\$49,980,000 which shall be paid up on or before 13 March 2009. On 11 December 2007, the Changzhou Subsidiary increased its registered capital to US\$99,980,000 and the increase in registered capital in the amount of US\$50,000,000 shall be paid up on or before 23 June 2010. As at the date of this announcement, the paid-up capital of the Changzhou Subsidiary as shown in the record of the Changzhou Administration for Industry and Commerce is US\$19,358,000.

As advised by the PRC legal advisers of the Company, given that the registered capital of the Changzhou Subsidiary has not been paid up in accordance with the PRC laws, each of the annual review of the Changzhou Subsidiary for the years 2010, 2011 and 2012 has not been passed by the Changzhou Administration for Industry and Commerce and there is a legal risk that a penalty be imposed and/or the foreign investment enterprise approval certificate and the business license of the Changzhou Subsidiary be cancelled or revoked. However, based on the investigation conducted by the PRC legal advisers of the Company and to the best knowledge, information and belief, after having made all reasonable enquiries by the Directors, the business registration of the Changzhou Subsidiary remains valid and has not been cancelled or revoked and the Changzhou Subsidiary has the corporate legal representative status as at the date of this announcement.

Save as disclosed above and to the best knowledge, information and belief, after having made all reasonable enquiries by the Directors, no investigation notice, penalty or claim has been issued, imposed or filed by any governmental authorities in the PRC against the Changzhou Subsidiary as at the date of this announcement.

The Board further confirmed that the Changzhou Subsidiary is in the course of relocating its production plant and as such, the Changzhou Subsidiary is not in operation as at the date of this announcement. As advised by the PRC legal advisers, the relocation of production plant is not related to the business registration issue of the Changzhou Subsidiary.

2nd Allegation

The Dali Subsidiary is a wholly foreign-owned enterprise established in the PRC on 24 January 2008 and has a registered capital of US\$49,460,000 which shall be paid up within 1 year from 24 January 2008. As at the date of this announcement, the paid-up capital of the Dali Subsidiary as shown in the record of the Dali Administration for Industry and Commerce is nil.

Based on the investigation conducted by the PRC legal advisers of the Company and to the best knowledge, information and belief, after having made all reasonable enquiries by the Directors, the assets of the Dali Subsidiary (the “**Assets**”), including but not limited to the landed property, factory buildings, facilities and vehicles, have been frozen and the original licenses and documents of the Dali Subsidiary (the “**Documents**”), including but not limited to the contracts, invoices, books and records, bank card, tax registration certificate, organization code certificate, business license, foreign investment enterprise approval certificate have been temporarily seized by the Public Security Bureau of Dali as at the date of this announcement. As confirmed by the PRC legal advisers of the Company, the reason for freezing the Assets and seizure of the Documents is due to an investigation by the Public Security Bureau of Dali of a suspected case of making false report of registered capital which Mr. Yeung and Mr. Yang were involved in (the “**Investigation**”).

As further advised by the PRC legal advisers of the Company, given that the registered capital of the Dali Subsidiary has not been paid up in accordance with the PRC laws, the annual review of the Dali Subsidiary for the year 2012 has not been passed by the Dali Administration for Industry and Commerce and there is a legal risk that a penalty be imposed and/or the foreign investment enterprise approval certificate and the business license of the Dali Subsidiary be cancelled or revoked. However, based on the investigation conducted by the PRC legal advisers of the Company and to the best knowledge, information and belief, after having made all reasonable enquiries by the Directors, the business registration of the Dali Subsidiary remains valid and has not been cancelled or revoked and the Dali Subsidiary has the corporate legal representative status as at the date of this announcement.

Save as disclosed above and to the best knowledge, information and belief, after having made all reasonable enquiries by the Directors, no penalty or claim has been imposed or filed by any governmental authorities in the PRC against the Dali Subsidiary as at the date of this announcement.

The Board further confirmed that the Dali Subsidiary has not yet formally commenced operation and it contributes no revenue to the Group up to the date of this announcement. Pending the outcome of the Investigation of the Case (as defined below), the Board is currently unable to confirm whether the freezing of the Assets and the seizure of the Documents of the Dali Subsidiary would have any material impact on the financial performance of the Group. The Directors are still in the process of assessing the impact of the Investigation on the financial performance of the Group and whether there exist any other possible impacts to the Group.

3rd Allegation

The Board confirms that the Company is not able to contact the Relevant Directors since around August 2013. Based on the investigation report issued by the PRC legal advisers of the Company, each of the Relevant Directors has been arrested and detained by the Public Security Bureau of Dali since 26 August 2013 for their involvement in a suspected case of making false report in relation to the registered capital (the “Case”).

As the Relevant Directors remain uncontactable, the Company is not able to ascertain the nature and status of the Investigation by the Public Security Bureau of Dali as at the date of this announcement. Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules as the Case progresses further.

SUSPENSION OF DIRECTORS’ DUTIES

Following the arrest of the Relevant Directors by the Public Security Bureau of Dali, the Board has resolved to suspend, with effect from 18 October 2013, the duties and functions of each of Mr. Yeung, Mr. Yang and Mr. Hao pending the outcome of the Investigation of the Case.

The Board now comprises 11 Directors, namely, Mr. Yeung Ngo, Mr. Yang Yuchun, Ms. Jin Yan, Mr. Sun Yanfeng, Mr. Guo Lijie, Mr. Hao Guojun, Mr. Li Jian, Mr. Yin Tat Man, Mr. Fan Chuan, Mr. Gu Yizhong and Mr. Zhang Jing. Among these 11 Directors, three Directors have been suspended from their duties.

The Board considers that the suspension of duties of the Relevant Directors would not affect the daily operation of the Group as the remaining three executive Directors and the senior management of the Company, who have sufficient knowledge and experience, are fully responsible for the daily operation of the Group.

Save as disclosed above, the Board confirms that it is not aware of any reasons for the price movement of the shares of the Company on 16 August 2013 or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance.

CONTINUED SUSPENSION OF TRADING IN SHARES

Trading in the shares of the Company will continue to be suspended until further notice. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules as the above matters progress further.

By Order of the Board
China Solar Energy Holdings Limited
Jin Yan
Executive Director

Hong Kong, 18 October 2013

As at the date of this announcement, the executive Directors are Mr. Yeung Ngo, Mr. Yang Yuchun, Ms. Jin Yan, Mr. Sun Yanfeng and Mr. Guo Lijie; the non-executive Directors are Mr. Hao Guojun and Mr. Li Jian and the independent non-executive Directors are Mr. Yin Tat Man, Mr. Fan Chuan, Mr. Gu Yizhong and Mr. Zhang Jing.