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**卡姆丹克太陽能系統集團有限公司**  
**Comtec Solar Systems Group Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 712)**

**PROPOSED ISSUE OF CONVERTIBLE BONDS  
UNDER SPECIFIC MANDATE**

On 18 May 2018 (after trading hours), the Subscriber and the Company entered into the Subscription Agreement in respect of the issue of the Convertible Bonds in the aggregate principal amount of US\$10 million due 2021 with a conversion price of HK\$0.174 per Conversion Share. Completion of the Subscription Agreement is subject to the conditions as set out in the paragraph headed “Conditions precedent” below. A summary of the principal terms of the Convertible Bonds is set out in the paragraph headed “Principal terms of the Convertible Bonds” below.

As at the date of this announcement, the Company has a total of 2,097,703,580 Shares in issue. Assuming allotment and issue of the Conversion Shares upon exercise in full of the conversion rights attached to the Convertible Bonds, the Conversion Shares represent (i) approximately 21.51% of the existing issued share capital of the Company as at the date hereof, and (ii) approximately 17.70% of the issued share capital as enlarged by the issue of the Conversion Shares in full.

The Convertible Bonds and the Conversion Shares shall be issued under the Specific Mandate. Therefore, the subscription of the Convertible Bonds and the issue of the Conversion Shares by the Company are subject to Shareholders’ approval. The Company will apply to the Listing Committee for the listing of, and permission to deal in the Conversion Shares. An extraordinary general meeting of the Company will be convened and a circular will be dispatched for such purpose.

No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

The net proceeds from the issue of the Convertible Bonds of approximately US\$9.9 million will be used for providing funding for Future Energy and as general working capital.

Completion of the Subscription Agreement is subject to the satisfaction, or waiver, of the conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances. As the Subscription Agreement may or may not be completed and the issue of the Convertible Bonds may or may not proceed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

On 18 May 2018 (after trading hours), the Subscriber entered into the Subscription Agreement with the Company in respect of the issue of the Convertible Bonds with an aggregate principal amount of US\$10 million due 2021. Details of the Subscription Agreement and the principal terms of the Convertible Bonds are described below.

## **SUBSCRIPTION AGREEMENT**

### **(1) Parties and Date**

Date: 18 May 2018  
Issuer: The Company  
Subscriber: Putana Limited

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Parties.

### **(2) Subject matter:**

Pursuant to the Subscription Agreement, the Subscriber will subscribe for, and the Company will issue to the Subscriber, the Convertible Bonds at the issue price of US\$10,000,000 in aggregate, subject to the terms and conditions of the Subscription Agreement.

### **(3) Principal terms of the Convertible Bonds**

Aggregate principal amount: US\$10,000,000

Interest rate: 10% per annum to be accrued on a daily basis of which:

- 3% per annum shall be paid in cash semi-annually in arrears
- 7% per annum shall be paid in cash upon redemption or maturity

Maturity date: The third anniversary of the date of issue of the Convertible Bonds

Ranking of the Convertible Bonds:	The obligations of the Company arising under the Convertible Bonds constitute direct, unsubordinated, unconditional and secured obligations of the Company and at all times rank, equally among themselves and pari passu with all existing and future unsubordinated and secured obligations of the Company.
Transfer:	<p>No prior written consent of the Company is required in the case of a whole or partial transfer of the Convertible Bonds to an affiliate of the Subscriber.</p> <p>With prior written consent of the Company (which should not be unreasonably withheld), the Convertible Bonds in whole or in part may be assigned or transferred subject to the relevant procedures as set out in the Subscription Agreements and further subject to the conditions, approvals, requirements and any other provisions of or under (i) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or their rules and regulations; (ii) the approval for listing in respect of the Conversion Shares; and (iii) all applicable laws and regulations.</p>
Redemption:	Following the occurrence of a Change of Control, the holder of the Convertible Bonds will have the right at such holder's option to require the Company to redeem all of that holder's Convertible Bonds at a redemption price equal to the Redemption Amount in respect of the Convertible Bonds to be redeemed.
Conversion:	The Subscriber shall have the right, on any Business Day after the date of the issue of the Convertible Bonds until and including the seventh Business Day immediately preceding the Maturity Date, to convert the whole or part of the outstanding principal amount of Convertible Bonds (in an amount or integral multiple of US\$100,000) into Shares at any time and from time to time by giving the Company the conversion notice.
Conversion price:	<p>HK\$0.174 per Conversion Share, subject to adjustment specified below.</p> <p>The conversion price was determined through arm's length negotiation with reference to the closing price of the Shares on the Stock Exchange as at date of the Subscription Agreement.</p>

- Adjustment to Conversion Price: The Conversion Price will be subject to adjustment in certain events, including, among others, consolidation, subdivision or reclassification, capitalisation of profits or reserves, distributions, rights issues of shares or options over shares, rights issues of other securities, issues at less than Current Market Price, other issues at less than current market price, modification of rights of conversion etc., and other offers to shareholders.
- Conversion Shares: 451,137,931 Shares (based on the initial Conversion Price of HK\$0.174 per Share)
- Ranking of the Conversion Shares: Shares issued upon conversion shall rank *pari passu* in all respects with all other existing Shares outstanding at the Conversion Date and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the conversion notice.
- Events of default: Each of the following events is an event of default:
- (a) a default is made by the Company in any payment in respect of the Convertible Bonds, after 5 business days after the same shall become due;
  - (b) any failure by the Company to deliver Shares after such Shares are required to be delivered following conversion of Convertible Bonds;
  - (c) the Company breaches any of the covenants, representations and warranties in the Subscription Agreement and Security Documents, which is incapable of remedy or, if capable of remedy, is not remedied within 30 days after notice of such breach or default is sent from the Bondholder to the Company;
  - (d) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company or its subsidiaries;
  - (e) the Company or any of its major subsidiaries becomes insolvent or is unable to pay its debts as they mature or applies for or consents to the appointment of any administrator, liquidator or receiver of the whole or any material part of its undertaking, property, assets or revenues or enters into a general assignment or compromise with or for the benefit of its creditors;
  - (f) an order is made or an effective resolution passed for winding-up of the Company or any of its subsidiaries;

- (g) (i) any other present or future indebtedness of the Company or any of its subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Company or any of its subsidiaries fails to pay when due, or within any originally applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above have occurred in aggregate equals or exceeds U.S.\$500,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank); or
- (h) delisting of the Company from the Stock Exchange or a trading suspension of the Shares for a period of not less than 5 consecutive trading days.

Voting: The Bondholder shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being a Bondholder.

Security: The obligations of the Company in respect of the Convertible Bonds are secured by the Future Energy Share Charge and the Comtec HK Share Charge.

Listing: No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

#### **(4) Conditions precedent**

The obligations of the parties to effect Completion shall be conditional upon the following to the satisfaction of the Subscriber:

- (a) the passing of the necessary resolution(s) of the Board required under the Articles, applicable law or the Listing Rules to approve the Company's entry into the Subscription Agreement and the transactions contemplated under it;
- (b) the passing of necessary resolutions of the board of the chargors concerned in the Security Documents to approve the entering into the Security Documents by such entity;

- (c) the passing of the necessary resolution(s) by of the Shareholders required under the Articles, applicable law or the Listing Rules to approve: (i) the Company's entry into the Subscription Agreement and the transactions contemplated under it; and (ii) the Specific Mandate;
- (d) the Listing Committee of the Stock Exchange having approved (and not having withdrawn such approval) the listing of, and granted permission to deal in, the Conversion Shares;
- (e) the Company having obtained all other necessary regulatory approvals, permissions, consents and/or waivers required under the Articles, applicable law and the Listing Rules for: (i) for the issue of the Convertible Bonds; and (ii) the allotment, issue and listing of the Conversion Shares;
- (f) signed, valid instruction to Hang Seng Bank Limited adding a signatory designated by the Subscriber as a joint signatory for the Controlled Account;
- (g) each of the Future Energy Share Charge, the Comtec HK Share Charge and the Certificate having been executed and delivered by each party thereto (other than the Subscriber);
- (h) the Subscriber having received from Comtec Renewable Energy the documents required under the Future Energy Share Charge;
- (i) the Subscriber having received from Comtec Solar Cayman the documents required under the Comtec HK Share Charge;
- (j) there had not been any condition, circumstance or change that has a material adverse effect on the business, assets, liabilities, financial condition, property or results of operations of the Company and its subsidiaries as a whole; and
- (k) the Company's warranties as set out in the Subscription Agreement remaining true and accurate in all material respects and not misleading in any material respect as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date.

If any conditions precedent or undertaking are not fulfilled or waived by the Subscriber (in the case where such conditions precedent are capable of being waived) on or before the Long Stop Date (or such later date as may be agreed between the Subscriber and the Company), the Subscription Agreement shall lapse and become null and void.

## **(5) Completion**

Completion shall take place such date as agreed to in writing between the Company and the Subscriber which is on or before the Long Stop Date, or such other date as agreed to in writing between the Company and the Subscriber.

## REASONS FOR THE ISSUE OF CONVERTIBLE BONDS

The Directors consider that the issue of the Convertible Bonds represents an opportunity (i) to establish strategic cooperation relationship with the Subscriber and/or its subsidiaries; (ii) to improve the cash flow of the Company.

The Directors also consider that the issue of Convertible Bonds is an appropriate means of raising additional capital for the Company as it will not have an immediate dilution effect on the shareholding of the existing Shareholders.

## USE OF PROCEEDS

The net proceeds from the issue of the Convertible Bonds are expected to amount to approximately US\$9.9 million, which will be used for providing funding for Future Energy and as general working capital.

## SHAREHOLDING STRUCTURE

Shareholders	As at the date of this announcement		Immediately after issue of the Conversion Shares in full	
	<i>Number of shares beneficially owned</i>	<i>Approx %</i>	<i>Number of shares beneficially owned</i>	<i>Approx %</i>
Mr. John Yi Zhang ( <i>Note 1</i> )	624,283,550	29.76	624,283,550	24.49
Mr. Zhang Zhen ( <i>Note 2</i> )	96,627,076	4.61	96,627,076	3.79
Subscriber	—	—	451,137,931	17.70
<b>Public</b>				
Existing public Shareholders	<u>1,376,792,954</u>	<u>65.63</u>	<u>1,376,792,954</u>	<u>54.02</u>
<b>Total</b>	<u>2,097,703,580</u>	<u>100.00</u>	<u>2,548,841,511</u>	<u>100.00</u>

*Notes:*

1. Mr. John Yi Zhang is a Director. Fonty Holdings Limited, which is 100% beneficially owned by Mr. Zhang, held 576,453,844 Shares. For the purposes of the SFO, Mr. Zhang is also deemed to be interested in 47,829,706 Shares which are beneficially owned by Mr. Alan Zhang, Mr. Zhang's child under the age of 18, as beneficiary of Zhang Trusts For Descendants, which is an irrevocable trust set up by Mr. Zhang for the benefit of his descendants and of which J.P. Morgan Trust Company of Delaware is the trustee.
2. Mr. Zhang Zhen is a Director. The 96,627,076 Shares in which Mr. Zhang Zhen is deemed to be interested represent Shares held by a company which is wholly-owned by Mr. Zhang Zhen.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

On 13 July 2017, the Company entered into a subscription agreement with Rich Reach Holdings Limited (“**Rich Reach**”), pursuant to which the Company has conditionally agreed to allot and issue 118,389,897 subscription shares at a subscription price of HK\$0.2534 per Share to Rich Reach. The subscription has been completed on 20 July 2017 with the 118,389,897 subscription shares allotted and issued to Rich Reach, generating net proceeds of approximately HK\$29.2 million, representing a net subscription price of HK\$0.247 per Share, which has been fully utilized as general working capital of the Group as disclosed in the announcement of the Company dated 13 July 2017. Please refer to the announcements of the Company dated 13 July 2017 and 20 July 2017 for further details.

On 21 July 2017, the Company entered into a subscription agreement with Advanced Gain Limited (“**Advanced Gain**”), an independent third party, pursuant to which the Company conditionally agreed to allot and issue, and Advanced Gain conditionally agreed to subscribe for, 190,912,714 Shares at a subscription price of HK\$0.25 per Share. The subscription has been completed on 18 October 2017 with 190,912,714 Shares allotted and issued to Advanced Gain, generating net proceeds of approximately HK\$46.93 million, representing a net subscription price of HK\$0.2458 per Share, which has been fully utilized as general working capital of the Group as disclosed in the announcement of the Company dated 21 July 2017. Please refer to the announcements of the Company dated 21 July 2017 and 18 October 2017 for further details.

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past twelve months preceding the date of this announcement.

## **INFORMATION ABOUT THE COMPANY**

The Company and its subsidiaries are principally engaged in the research, production and sales of efficient mono-crystalline products and the investment, development, construction and operation of the solar photovoltaic power stations and also research and development, design, integration and sales of lithium battery management systems and lithium battery systems for electric vehicles (including electric cars, electric motors and electric bicycles) to electric vehicle manufacturers and for power storage systems to lithium battery manufacturers and to power storage companies.

## **INFORMATION ABOUT THE SUBSCRIBER**

The Subscriber is a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of Ark Pacific Special Opportunities Fund I, L.P. (“**APSOFI**”). APSOFI is an investment fund principally engaged in special situations private equity investments in Asia.

## **EGM**

The Convertible Bonds and the Conversion Shares shall be issued under the Specific Mandate. Therefore, the subscription of the Convertible Bonds and the issue of the Conversion Shares by the Company are subject to Shareholders’ approval.



An extraordinary general meeting of the Company (the “**EGM**”) will be convened for the purpose of considering and, if deemed appropriate, approving, among other things, the grant of the Specific Mandate, the Subscription Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Subscription Agreement and the Convertible Bonds; and (ii) notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

**Completion of the Subscription Agreement is subject to the satisfaction, or waiver, of the conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances. As the Subscription Agreement may or may not be completed and the issue of the Convertible Bonds may or may not proceed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

“Articles”	the articles of association of the Company;
“Board”	the board of Directors of the Company;
“Bondholder”	the person or persons who are for the time being registered as the holder(s) of the Convertible Bonds;
“Business Day”	a day (excluding a Saturday or a Sunday) on which commercial banks in Hong Kong and New York City are generally open for business;
“Certificate”	the certificate to be issued in respect of the Convertible Bonds;
“Change of Control”	the closing of (i) any merger, combination, amalgamation, tender offer or other business combination in which the shareholders owning a majority of the voting power of the equity securities of the Company prior to such transaction do not own a majority of the voting power of the equity securities of the Company after such transaction, (ii) a voluntary sale of a majority of the voting power of the equity securities of the Company by the shareholders of the Company to any person in which the shareholders of the Company do not own a majority of the voting power of the equity securities of the Company after such sale or (iii) the sale, transfer or other disposition of all or a substantial part of the assets of the Company;
“Company”	Comtec Solar Systems Group Limited;
“Completion”	the completion of the subscription of the Convertible Bonds pursuant to the Subscription Agreement;

“Completion Date”	the date of the Completion as agreed between the Company and the Subscriber;
“Comtec HK Share Charge”	the share charge pursuant to which Comtec Solar Cayman shall charge all the total issued shares of Comtec Solar HK issued from time to time held by the Company, to and for the benefit of the Subscriber;
“Comtec Renewable Energy”	Comtec Renewable Energy Group Limited (company number 2382759), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;
“Comtec Solar Cayman”	Comtec Solar (Cayman) Ltd. (company number 186211), a company incorporated in the Cayman Islands and a wholly-owned subsidiary of the Company;
“Comtec Solar HK”	Comtec Solar (Hong Kong) Limited (company number 1175187), a company incorporated in Hong Kong with registered address at Suite 33, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. and a wholly-owned subsidiary of the Company;
“Condition”	the terms and conditions to be attached to or form part of the Convertible Bonds;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Controlled Account”	such bank account of the Hang Seng Bank Limited jointly controlled by Comtec Renewable Energy and the Subscriber;
“Conversion Date”	a date on which a notice is given exercising Conversion Rights pursuant to Certificate;
“Conversion Price”	HK\$0.174 per Share;
“Conversion Shares”	up to 451,137,931 Shares to be issued by the Company under the Convertible Bonds (whether upon exercise by the Bondholder of the Conversion Rights, or otherwise pursuant to the Conditions);
“Convertible Bonds”	Convertible Bonds for an aggregate principal amount of US\$10,000,000, to be issued by the Company at Completion with the benefit of and subject to the provisions of the Conditions;
“Current Market Price”	in respect of a Share on a particular date, the arithmetic average of the daily Closing Price of one Share on each of the 20 consecutive trading days, as prescribed by the Certificate;

“Directors”	the directors of the Company;
“Future Energy Share Charge”	the share charge pursuant to which the Company shall charge all the total issued shares of Future Energy Capital Group Limited held by the Company, to and for the benefit of the Subscriber;
“Future Energy”	Future Energy Capital Group Limited (company number 1945283), a company incorporated in the British Virgin Islands with registered address at Sea Meadow House, Blackburne Highway, (P.O. Box 116), Road Town, Tortola, British Virgin Islands, and a co-investment vehicle established by Comtec Renewable Energy and Macquarie;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	the lawful currency of Hong Kong;
“Independent Third Parties”	persons which, to the best information, knowledge and belief of the Directors having made all reasonable enquires, are third parties independent of the Company and its connected persons;
“Listing Committee”	Listing Committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	17 July 2018;
“Macquarie”	Macquarie Corporate Holdings Pty Limited (company number ACN096705109), a company incorporated and existing under the laws of Australia with its registered office at Macquarie Bank Limited, Level 6, 50 Martin Place, Sydney NSW 2000;
“Maturity Date”	the third anniversary of the date of issue of the Convertible Bonds;
“Redemption Amount”	the outstanding principal amount of the Convertible Bonds together with all outstanding interest accrued on the Maturity Date;
“Security Documents”	collectively, the Future Energy Share Charge and the Comtec HK Share Charge;
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong;

“Shareholders”	holders of Share(s) as recorded on the registers of members of the Company;
“Shares”	the ordinary shares of HK\$0.001 each in the share capital of the Company existing on the date of this Agreement and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) shares or stock resulting from any sub division, consolidation or re classification thereof;
“Specific Mandate”	the specific mandate proposed to be sought from the Shareholders at an extraordinary general meeting of the Company to authorise the Directors to issue and allot the Conversion Shares upon conversion of the Convertible Bonds;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Putana Limited, a company incorporated and existing under the law of British Virgin Islands;
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Subscriber on 18 May 2018 for the issue of Convertible Bonds by the Company; and
“U.S.\$” or “U.S. dollar”	the lawful currency of the United States of America.

By Order of the Board  
**Comtec Solar Systems Group Limited**  
**John Yi ZHANG**  
*Chairman*

Hong Kong, 18 May 2018

*As at the date of this announcement, the executive Directors are Mr. John Yi ZHANG, Mr. ZHANG Zhen and Mr. CHAU Kwok Keung; the non-executive Director is Mr. WANG Yixin; and the independent non-executive Directors are Mr. Kang SUN, Mr. LEUNG Ming Shu and Mr. XU Erming.*