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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)

CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION
DEEMED DISPOSAL OF EQUITY INTEREST IN KEXIN

THE CAPITAL INJECTION AGREEMENT

On 23 November 2018 (after trading hours), Comtec Clean Energy (a wholly-owned subsidiary of the Company), Lu Ke Ya and Kexin (an indirect wholly-owned subsidiary of the Company) entered into the Capital Injection Agreement with ISDN in relation to the Capital Injection. Pursuant to the Capital Injection Agreement, ISDN agreed to subscribe for 10% of the enlarged registered share capital of Kexin. ISDN shall contribute RMB4,444,444 in cash to the capital of Kexin within 10 Business Days after satisfaction of all other Conditions Precedent. Upon the Completion, ISDN will be a registered shareholder of Kexin holding 10% equity interest in Kexin.

LISTING RULES IMPLICATIONS

Following the Completion of the Capital Injection, the Group's equity interest in Kexin will be reduced, which will constitute a deemed disposal pursuant to Rule 14.29 of the Listing Rules. As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Capital Injection is more than 5% but less than 25%, the Capital Injection Agreement and the transaction of the Group contemplated thereunder constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

ISDN is a wholly-owned subsidiary of ISDN Holdings. ISDN Holdings is a substantial shareholder of C&I Renewable, an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. To the best of the knowledge of the Directors having made all reasonable enquires, ISDN and ISDN Holdings have no other relationships with the Group or its connected persons other than its equity interests in C&I Renewable and the sale of certain utilities by the Group to one of the subsidiaries of ISDN Holdings. Accordingly, ISDN is not a connected person under Chapter 14A of the Listing Rules.

As Lu Ke Ya held more than 10% of equity interest in Kexin, Lu Ke Ya is a substantial shareholder of Kexin. To the best of the knowledge of the Directors having made all reasonable enquiries, Lu Ke Ya has no other relationships with the Group or its connected persons other than its equity interests in Kexin. Accordingly, Lu Ke Ya is a connected person at the subsidiary level of the Company under the Listing Rules.

As such, the Capital Injection constitutes a connected transaction of the Company under the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (1) Lu Ke Ya is a connected person at the subsidiary level only, (2) the Board has approved the Capital Injection; and (3) the independent non-executive Directors have confirmed that the terms of the Capital Injection are fair and reasonable and the Capital Injection is on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the Capital Injection is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE CAPITAL INJECTION AGREEMENT

The Board is pleased to announce that on 23 November 2018 (after trading hours), Comtec Clean Energy (a wholly-owned subsidiary of the Company), Lu Ke Ya and Kexin entered into the Capital Injection Agreement with ISDN in relation to the Capital Injection. Set out below is a summary of the principal terms of the Capital Injection Agreement:

Date:

23 November 2018 (after trading hours)

Parties:

- (1) Comtec Clean Energy, a wholly-owned subsidiary of the Company
- (2) Lu Ke Ya, a citizen of the PRC
- (3) ISDN
- (4) Kexin, the target company

The Capital Injection

Pursuant to the terms of the Capital Injection Agreement, ISDN agreed to subscribe for 10% of the enlarged registered share capital of Kexin¹. ISDN shall contribute RMB4,444,444 in cash to the capital of Kexin within 10 Business Days after satisfaction of all other Conditions Precedent. Upon the Completion, ISDN will be a registered shareholder of Kexin holding 10% equity interest in Kexin.

The equity-holding structure of KEXIN both before and after the Capital Injection are illustrated below:

Equity holder(s) of Kexin before the Capital Injection	Registered capital (RMB million)	Percentage
Comtec Clean Energy	35	70%
Lu Ke Ya	15	30%
Total	50	100%

Equity holder(s) of Kexin after the Capital Injection	Registered capital (RMB million)	Percentage
Comtec Clean Energy	35	63%
Lu Ke Ya	15	27%
ISDN	5.56	10%
Total	55.56	100%

Upon Completion, Kexin will remain a subsidiary of the Company.

Basis of determining the amount of the Capital Injection

The amount of the Capital Injection was determined after arm's length negotiations amongst the parties to the Capital Injection Agreement with reference to the valuation of Kexin in the Group's acquisition of its equity interest as disclosed in the announcement of the Company dated 25 May 2017 and the estimated growth of its revenue by approximately 130% from 2017 to 2018.

Note:

1. Upon the Completion, the registered capital of Kexin will be RMB55,555,556. In accordance with PRC laws, ISDN, as the shareholder holding 10% equity interest in Kexin, will be required to contribute a total of RMB5,555,556 to Kexin's share capital. Pursuant to the Capital Injection Agreement, after ISDN's initial contribution of RMB4,444,444, the balance of the registered capital shall be payable by ISDN on the earliest of (a) 1 June 2036; (b) the date on which ISDN withdraws its investment from Kexin, unless waived by the other shareholders of Kexin and the transferee of its interest; (c) the date as required by laws or as agreed amongst all parties to the Capital Injection Agreement, provided that if the registered capital of Kexin is reduced to RMB44,444,444 or less prior to any of the above, ISDN shall not be required to pay such balance.

Conditions Precedent

The completion of the Capital Injection is subject to the following Conditions Precedent:

- (1) all Transaction Documents shall have been duly entered into between relevant parties;
- (2) the satisfactory due diligence by ISDN on the business, finance and legal affairs of Kexin;
- (3) the signing of the articles of association of Kexin and the joint venture agreement;
- (4) all written corporate approvals and authorizations for signing the Capital Injection Agreement shall have been duly obtained;
- (5) the approval by the parent company of ISDN;
- (6) the financial statements of Kexin (up to the date of 30 June 2018) shall have been delivered to ISDN;
- (7) no material adverse change in the business and finance of Kexin during the transitional period;
- (8) all encumbrances on the assets owned by Kexin shall have been released and discharged;
- (9) the representations and warranties given by each of the parties shall be true, accurate and complete;
- (10) there shall be no occurrence, and no reasonable expectation of the occurrence, of any matter or event that has a material adverse effect;
- (11) unless otherwise approved by ISDN in writing, Comtec Clean Energy have not transferred its equity interest in Kexin to other parties during the transitional period;
- (12) no action, claim or proceeding shall have been commenced or threatened by or before any governmental authority against the parties hereto, seeking to restrain the transaction contemplated under the Capital Injection Agreement;
- (13) the Capital Injection of RMB4,444,444 having been settled in full.

Payment Terms

The consideration of RMB4,444,444 shall be paid by ISDN in US dollar equivalent by wire transfer to the bank account designated in Capital Injection Agreement within 10 Business Days following the satisfaction of all Conditions Precedent other than payment of the consideration.

FINANCIAL EFFECT OF THE DEEMED DISPOSAL TO THE GROUP

Upon Completion, Kexin will remain a subsidiary of the Company. The financial results of Kexin will continue to be consolidated by the Group. Therefore, it is expected that the Group will not record any material gain or loss from the deemed disposal in the consolidated income statement of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INJECTION AGREEMENT

By introducing ISDN as a joint venture partner in Kexin, the Company will be able to strengthen the financial capability of Kexin and will also further develop its strategic partnership with ISDN Holdings, which will enable Kexin to expand its business. The Company plans to collaborate with ISDN Holdings subsequent to the completion of the Capital Injection to engage in the development of power storage business in South East Asia markets. The Group has not entered into any agreement with ISDN Holdings or any other parties in this respect, and will where appropriate, make announcements separately regarding any future collaboration and, where appropriate, comply with the requirements under the Listing Rules in this regard.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Injection Agreement are on normal commercial terms and fair and reasonable. The Capital Injection is in the interests of the Company and its Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

Information about the Group

The Group is principally engaged in the research, production and sales of efficient monocrystalline products and investment, development, construction, operation of the solar photovoltaic power stations. The Group is also engaged in the 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 for power storage companies.

Information about Kexin

Kexin is principally engaged in the 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.

Based on the unaudited financial statements of Kexin, the net asset value of Kexin was approximately RMB7.56 million as at 30 June 2018.

Set out below is the unaudited financial statements of Kexin for the two financial years ended 31 December 2016 and 2017:

	For the year ended 31 December 2016	For the year ended 31 December 2017
	<i>RMB</i>	<i>RMB</i>
	(unaudited)	(unaudited)
Net loss before tax	1,400,000	950,000
Net loss after tax	1,400,000	950,000

Information about ISDN

ISDN is a company registered under the laws of the Republic of Singapore and is a wholly-owned subsidiary of ISDN Holdings. ISDN Holdings is a company incorporated in the Republic of Singapore and dually listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1656) and the Stock Exchange of Singapore (stock code: I07.SI). The principal activities of ISDN Holdings include the provision of technical consultancy, training services, and management services, principally focusing on provision of services on motion control and engineering solutions.

LISTING RULES IMPLICATION

Following the Completion of the Capital Injection, the Group's equity interest in Kexin will be reduced, which will constitute a deemed disposal pursuant to Rule 14.29 of the Listing Rules. As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Capital Injection is more than 5% but less than 25%, the Capital Injection Agreement and the transaction of the Group contemplated thereunder constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

ISDN is a wholly-owned subsidiary of ISDN Holdings, which is a substantial shareholder of C&I Renewable, an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. To the best of the knowledge of the Directors having made all reasonable enquires, ISDN and ISDN Holdings have no other relationships with the Group or its connected persons other than its equity interests in C&I Renewable and the sale of certain utilities by the Group to one of the subsidiaries of ISDN Holdings. Accordingly, ISDN is not a connected person under Chapter 14A of the Listing Rules.

As Lu Ke Ya held more than 10% of equity interest in Kexin, Lu Ke Ya is a substantial shareholder of Kexin. To the best of the knowledge of the Directors having made all reasonable enquiries, Lu Ke Ya has no other relationships with the Group or its connected persons other than its equity interests in Kexin. Accordingly, Lu Ke Ya is a connected person at the subsidiary level of the Company under the Listing Rules.

As such, the Capital Injection constitutes a connected transaction of the Company under the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (1) Lu Ke Ya is a connected person at the subsidiary level only, (2) the Board has approved the Capital Injection; and (3) the independent non-executive Directors have confirmed that the terms of the Capital Injection are fair and reasonable and the Capital Injection is on normal

commercial terms or better and in the interests of the Company and its shareholders as a whole, the Capital Injection is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the transaction contemplated under the Capital Injection Agreement and has abstained from voting on the Board resolutions to approve the Capital Injection Agreement.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“Board”	the board of Directors;
“Business Day”	mean a day other than Saturday, Sunday or other day on which commercial banks in PRC are closed;
“C & I renewable”	C & I renewable Limited, an investment holding company in the British Virgin Island formed in August 2017 and owned as to 70% by the Company and 30% by ISDN;
“Capital Injection”	the injection of capital by ISDN to the registered capital of Kexin pursuant to the terms of the Capital Injection Agreement;
“Capital Injection Agreement”	the capital injection agreement dated 23 November 2018 entered into amongst Kexin, Comtec Clean Energy, Lu Ke Ya and ISDN in relation to the Capital Injection;
“Conditions Precedent”	the conditions precedent of the Capital Injection as set out in the section headed “Conditions Precedent” of this announcement;
“Company”	Comtec Solar Systems Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange;
“Completion”	completion of the Capital Injection;
“Comtec Clean Energy”	Comtec Clean Energy Group Limited, a company duly incorporated in PRC with its registered office at Room 2008, Building 3, No.311 Yanxin Road, Huishan Economic Development District, Wuxi, Jiangsu province, China;
“connected person”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;

“Independent Third Party(ies)”	person or company who or which is not a connected person of the Company;
“ISDN”	ISDN Investments Pte Ltd, a company registered under the laws of the Republic of Singapore and a wholly-owned subsidiary of ISDN Holdings;
“ISDN Holdings”	ISDN Holdings Limited, a company incorporated in the Republic of Singapore and dually listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1656) and the Stock Exchange of Singapore (stock code: I07.SI);
“Kexin”	Zhenjiang Kexin Power System Design and Research Company Limited* (鎮江科信動力系統設計研究有限公司);
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction Documents”	any and all agreements, contracts, instruments, memoranda, certificates or other documents executed for or in relation to the Capital Injection contemplated in the Capital Injection Agreement;
“%”	per cent.

* For reference purpose only, the English names of these companies, persons or documents are only a translation of their respective Chinese names. In the event of any discrepancies between the Chinese names and their respective English translations, the Chinese version shall prevail.

By order of the Board of
Comtec Solar Systems Group Limited
John Yi Zhang
Chairman

Shanghai, the People’s Republic of China, 23 November 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. Leung Ming Shu, Mr. Kang Sun and Mr. Xu Erming.