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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
NON-EXERCISE OF RIGHT OF FIRST REFUSAL

As at the date of this announcement, the equity interest of Kexin, a non-wholly owned subsidiary of the Company, is held, among others, as to 63% by Comtec Clean Energy, a wholly owned subsidiary of the Company, and 27% by Ms. Lu for and on behalf of the Remaining Original Shareholders. In April 2019, Ms. Lu proposed to transfer her 27% equity interest in Kexin at nil consideration to Dingyi. Pursuant to Article 71 of the Company Law of the PRC, Comtec Clean Energy, being a majority shareholder holding more than half of the equity interest in Kexin, is entitled to a right of first refusal with respect to any transfer of equity interest in Kexin by other shareholders, including Ms. Lu, to any other persons. Pursuant to the ROFR, the Company has the right, but not the obligation, to preferentially acquire the 27% equity interest in Kexin held by Ms. Lu.

On 15 April 2019 (after trading hours), the Board approved, among other things, that Comtec Clean Energy would not exercise the ROFR to preferentially acquire the 27% equity interest in Kexin held by Ms. Lu.

After completion of the proposed equity transfer from Ms. Lu to Dingyi, Kexin will continue to be a subsidiary of the Company.

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

Accordingly, the non-exercise of the ROFR constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the non-exercise of the ROFR are less than 25% and the total consideration is less than HK\$10,000,000, the non-exercise of the ROFR is subject to the reporting and announcement requirements under Rule 14A.76(2)(b) of the Listing Rules but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Kexin became a non-wholly owned subsidiary of the Company in 2017 when the Comtec Clean Energy, a wholly-owned subsidiary of the Company, acquired 70% of its equity interest in Kexin from the relevant vendors, while 30% of the equity interest in Kexin remained held by Ms. Lu for and on behalf of the remaining shareholders, namely Mr. Wang and Mr. Zhang (the “**Remaining Original Shareholders**”). Mr. Wang is the general manager of Kexin and Mr. Zhang is the head of the quality assurance department of Kexin. Ms. Lu, the spouse of Mr. Wang, had been nominated by the Remaining Original Shareholders, who are certain members of the management team of Kexin, to hold the 30% equity interest in Kexin on their behalf for administrative convenience. In November 2018, ISDN acquired 10% equity interest in Kexin by way of a capital increase, diluting the interest of Comtec Clean Energy and the Remaining Original Shareholders to 63% and 27%, respectively. As at the date of this announcement, the equity interest of Kexin is held as to 63% by Comtec Clean Energy, 27% by Ms. Lu for and on behalf of the Remaining Original Shareholders and 10% by ISDN.

In light of the continued expansion of the business of Kexin, the Remaining Original Shareholders desire to hold the 27% equity interest in Kexin (the “**Relevant Interest**”) through a limited liability company rather than having Ms. Lu to hold the Relevant Interest on their behalves. The Remaining Original Shareholders in April 2019 requested Ms. Lu to transfer the Relevant Interest to Dingyi, a company established under the laws of the PRC and owned as to 70% by Mr. Wang and 30% by Mr. Zhang. Accordingly, Ms. Lu notified Comtec Clean Energy that she proposed to transfer the Relevant Interest to Dingyi at nil consideration (the “**Proposed Transfer**”).

Pursuant to Article 71 of the Company Law of the PRC, Comtec Clean Energy, as a majority shareholder holding more than half of the equity interest in Kexin, is entitled to a right of first refusal (the “**ROFR**”) with respect to any transfer of equity interest in Kexin by other shareholders, including Ms. Lu, to any other persons. Pursuant to the ROFR, the Company has the right, but not the obligation, to acquire the Relevant Interest under the Proposed Transfer. The Board decided not to exercise the ROFR.

NON-EXERCISE OF THE ROFR

By a resolution dated 15 April 2019, the Board approved, among other things, that Comtec Clean Energy would not exercise the ROFR to acquire the Relevant Interest under the Proposed Transfer.

After completion of the Proposed Transfer, Kexin will continue to be a subsidiary of the Company.

None of the Directors has any material interest in the non-exercise of the ROFR.

REASONS FOR AND BENEFITS OF NON-EXERCISE OF THE ROFR

Having taken into account the principal factors and considerations set out below, the Directors (including the independent non-executive Directors) are of the view that the non-exercise of the ROFR is fair and reasonable, and is in the interest of the Company and the Shareholders as a whole:

1. The proposed transfer of the Relevant Interest from Ms. Lu to Dingyi is to accommodate the request of the Remaining Original Shareholders, who are Kexin's key management personnel in relation to their equity stake in Kexin. Their shareholding in Kexin is an important factor contributing to their continued positive contribution to Kexin and the Group as a whole; and
2. Upon the non-exercise of the ROFR, Kexin will continue to remain as the controlled subsidiary of the Company, and such non-exercise of the ROFR will not have any adverse effect on the ordinary course of business and the financial condition of the Company.

INFORMATION ABOUT THE PARTIES

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.

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 RMB4.5 million as 31 December 2018.

Set out below is the unaudited profit/(loss) before and after taxation of Kexin for the financial years ended 31 December 2017 and 2018:

	For the year ended	
	31 December	
	2017	2018
Net profit/(loss) before taxation	(950,000)	(4,620,000)
Net profit/(loss) after taxation	(950,000)	(4,620,000)

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 (stock code: 1656) and the Singapore Exchange Securities Trading Limited (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.

Ms. Lu and Dingyi

Ms. Lu is a citizen of the PRC and the spouse of Mr. Wang.

Dingyi is a company established under the laws of the PRC. Its business scope include power battery system, power storage system, research and development, technical support and consultation services in relation to battery management systems. It is owned as to 70% by Mr. Wang and 30% by Mr. Zhang. Mr. Wang is the general manager of Kexin and the husband of Ms. Lu. Mr. Zhang is the head of the quality assurance department of Kexin.

LISTING RULES IMPLICATIONS

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

Accordingly, the non-exercise of the ROFR constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the non-exercise of the ROFR are less than 25% and the total consideration is less than HK\$10,000,000, the non-exercise of the ROFR is subject to the reporting and announcement requirements under Rule 14A.76(2)(b) of the Listing Rules but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“Company”	Comtec Solar Systems Group Limited
“Comtec Clean Energy”	Comtec Clean Energy Group Limited* (卡姆丹克清潔能源有限公司), a company duly incorporated in the PRC and an indirect wholly owned subsidiary of the Company
“Dingyi”	Zhenjiang Dingyi Technology Research and Development Co., Ltd.* (鎮江町一科技研發有限公司), a company duly incorporated in the PRC
“Directors(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“ISDN”	ISDN Investments Pte Ltd, a company duly incorporated in the Republic of Singapore
“Kexin”	Zhenjiang Kexin Power System Design and Research Co., Ltd.* (鎮江科信動力系統設計研究有限公司), a company duly incorporated in the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wang”	Mr. Wang Wenbin (王文斌), the general manager of Kexin and the spouse of Ms. Lu
“Mr. Zhang”	Mr. Zhang Xinming (張心明), the head of the quality assurance department of Kexin
“Ms. Lu”	Ms. Lu Ke Ya (陸克婭), a PRC citizen and the spouse of Mr. Wang
“PRC” or “China”	the People’s Republic of China, and for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Shareholder(s)”	shareholder(s) of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

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

Shanghai, the People’s Republic of China, 15 April 2019

** for identification purpose only*

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.