

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Comtec Solar Systems Group Limited, you should at once hand this circular, together with the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

MAJOR TRANSACTION
PROPOSED DISPOSAL OF TARGET ASSETS OF COMTEC MALAYSIA
AND
NOTICE OF EGM

A notice convening the extraordinary general meeting of Comtec Solar Systems Group Limited to be held at 5/F, BOC Group Life Assurance Tower, 136 Des Voeux Road Central, Hong Kong at 10:00 a.m. on Thursday, 20 April 2017 is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and deposit the same with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

CONTENTS

	<i>Page</i>
Contents	i
Definitions	1
Letter from the Board	5
Appendix I — Financial Information of the Group	App I-1
Appendix II — Property Valuation Report	App II-1
Appendix III — General Information	App III-1
Notice of EGM	EGM-1

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Assets Transfer Agreement”	the asset purchase agreement entered into by and among the Company, Comtec Malaysia, and Longi dated 30 December 2016;
“Board”	the board of Directors;
“Business Day”	means a day other than a Saturday, Sunday or other day on which commercial banks in PRC and Hong Kong are closed;
“Closing Date”	the date when all the conditions precedent of the Asset Transfer Agreement have been fulfilled or unless otherwise waived by the Vendor and the Purchaser in writing (where applicable) and Form L has been issued by the relevant land registry office;
“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”	means the completion of the Proposed Disposal;
“Comtec Malaysia”	Comtec Solar International (M) Sdn. Bhd., a company incorporated and existing under the laws of Malaysia, with its registered office at Lot 3211, Block 12, MuaraTebas Land District, Jalan Usaha Jaya, Samajaya Free Industrial Zone, 93350, Kuching, Sarawak, and a wholly-owned subsidiary of the Group;
“connected person”	has the meaning ascribed thereto under the Listing Rules;
“Creditor”	the trade creditors and other third party creditors of Comtec Malaysia;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Asset Transfer Agreement and the Supplemental Agreement;
“Fonty”	Fonty Holdings Limited, a company incorporated in the British Virgin Islands with limited liability which is 100% beneficially owned by Mr. Zhang;
“Group”	the Company and its subsidiaries;

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	person or company who or which is not a connected person of the Company;
“Latest Practicable Date”	28 March 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange;
“Long Stop Date”	means the sixth (6th) calendar month after the date of the Asset Transfer Agreement
“Longi”	Longi (Kuching) Sdn. Bhd., a company incorporated and existing under the laws of Malaysia, with its registered office at Lot 2118, Jalan Usaha Jaya, Sama Jaya Free Industrial Zone, 93450 Kuching, Sarawak, and a wholly-owned subsidiary of Xi'an Longi
“Mr. Zhang”	Mr. John Yi Zhang, an executive Director and a controlling shareholder of the Company as at the date of this circular;
“Notice”	the notice convening the EGM as set out on pages EGM-1 to EGM-2 of this circular;
“Outstanding Payment Amounts”	(i) the amounts due to the Creditors and/or suppliers under such agreements and/or purchase orders as of the Closing Date; (ii) the amounts due to the Creditors and/or suppliers under other agreements and/or purchase orders entered into by Comtec Malaysia before the Closing Date; (iii) stamp duties, real property gains tax, consumption tax, quit rent, rates, assessment, land premium and all other lawful outgoings payable in respect of the Target Properties which shall be based on the information provided by Comtec Malaysia in the due diligence process or tax law and regulations and confirmed in writing by Comtec Malaysia; (iv) all accrued charges, customers' prepayments and other bills payables; and (v) all outstanding liabilities or contingent liabilities as shown on the Comtec Malaysia's financial statements as of the Closing Date;
“PRC”	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;

DEFINITIONS

“Proposed Disposal”	the proposed disposal of the Target Assets by Comtec Malaysia to Longi;
“Rectification and Compliance Costs”	the fixed costs at RMB35 million to rectify defects identified in the Target Assets, to comply with regulatory standards and regulations, and to obtain necessary licences, certificates and permits;
“Retention Sum”	the sum representing three percent (3%) of the consideration of the Target Properties payable by Comtec Malaysia in respect of real property gains tax to the Inland Revenue Board of Malaysia;
“RMB”	Renminbi, the lawful currency of PRC;
“SFO”	the Securities and Future Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	ordinary shares of HK\$0.001 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	the supplemental agreement entered into by and among the Company, Comtec Malaysia and Longi dated 21 March 2017 to amend and modify the Asset Transfer Agreement;
“Target Assets”	the Target Equipment and the Target Properties;
“Target Buildings”	the factory buildings/constructions owned by Comtec Malaysia located on the Target Land and covering a total area of 37,823.68 square meters;
“Target Equipment”	all kinds of machinery and equipment located on the Target Properties (other than cropping saws, squaring saws and wire saws);
“Target Land”	the land owned by Comtec Malaysia as at the date of this circular and located at Lot 3159 Block 12 MuaraTebas Land District, Samajaya Free Industrial Zone, Kuching covering a total area of 15.433 hectares;
“Target Properties”	The Target Land and the Target Buildings;
“Total Consideration”	the total consideration to be paid by Longi to Comtec Malaysia under the Asset Transfer Agreement;

DEFINITIONS

“Transitional Period”	the period from the date of the Asset Transfer Agreement to the Completion (both days inclusive), which shall not be more than six (6) calendar months after the date of the Asset Transfer Agreement;
“Unconditional Date”	the second Business Day after all the conditions precedent of the Asset Transfer Agreement have been fulfilled or unless otherwise waived by the Vendor and the Purchaser in writing (where applicable), or any other date as otherwise agreed in writing among the parties;
“Xi’an Longi”	Xi’an Longi Silicon Materials Corp. (西安隆基硅材料股份有限公司), a company established under the laws of the PRC, A shares of which are listed on the Shanghai Stock Exchange (stock code: 601012); and
“%”	per cent.

* *for identification purpose only*

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. John Yi Zhang
(Chairman and Chief Executive Officer)
Mr. Chau Kwok Keung
Mr. Zhang Zhen

Non-executive Directors:

Mr. Donald Huang
Mr. Wang Yixin (王益新)

Independent non-executive Directors:

Mr. Leung Ming Shu
Mr. Kang Sun
Mr. Daniel DeWitt Martin

Company Secretary:

Mr. Chau Kwok Keung (HKICPA, ACCA, CFA)

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of

business in Hong Kong:

Suite 28
35/F Central Plaza
18 Harbour Road
Wanchai
Hong Kong

31 March 2017

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION
PROPOSED DISPOSAL OF TARGET ASSETS OF COMTEC MALAYSIA
AND
NOTICE OF EGM

INTRODUCTION

Reference is made to the announcements of the Company dated 3 January 2017 and 21 March 2017. On 30 December 2016 (after trading hours of the Stock Exchange), the Company, Comtec Malaysia and Longi entered into the Asset Transfer Agreement, pursuant to which Comtec Malaysia agreed to sell and Longi agreed to purchase the Target Assets of Comtec Malaysia at the Total Consideration of RMB200 million. On 21 March 2017 (after trading

LETTER FROM THE BOARD

hours of the Stock Exchange), the Company, Comtec Malaysia and Longi entered into the Supplemental Agreement, pursuant to which the parties agreed to modify and amend certain terms and conditions of the Asset Transfer Agreement.

The purpose of this circular is to provide you with further information and give you notice of the EGM to consider and, if thought fit, to approve the Asset Transfer Agreement, the Supplemental Agreement and the transactions contemplated thereunder.

ASSET TRANSFER AGREEMENT AND SUPPLEMENTAL AGREEMENT

The principal terms of the Asset Transfer Agreement and the Supplemental Agreement are set out below:

Date:

Asset Transfer Agreement: 30 December 2016

Supplemental Agreement: 21 March 2017

Parties:

- (1) Comtec Malaysia, as the vendor;
- (2) Longi, as the purchaser; and
- (3) the Company, as the guarantor to Comtec Malaysia.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Longi and its ultimate beneficial owners is a third party independent of each of the Company and its connected persons.

Target Assets to be Disposed

Pursuant to the Asset Transfer Agreement and the Supplemental Agreement, the Target Assets to be transferred from Comtec Malaysia to Longi comprise of the following with a total net book value of approximately RMB500 million as of 30 November 2016:

- (1) the Target Properties (including the Target Land and the Target Buildings) with a net book value of approximately RMB238.7 million as of 30 November 2016, a valuation report of which dated 31 March 2017 prepared by American Appraisal China Limited is set out in Appendix II to this circular; and
- (2) the Target Equipment with a net book value of approximately RMB261.3 million as of 30 November 2016.

The Directors confirmed that the unaudited net book value of the Target Properties as at 11 January 2017, being the date by reference to which the market value of the Target Properties is reported in the valuation report prepared by American Appraisal China Limited as set out in Appendix II to this circular, remained unchanged from the amount as at 30

LETTER FROM THE BOARD

November 2016 at approximately RMB238.7 million. The difference between the market value of the Target Properties of RMB152 million and its unaudited net book value of approximately RMB238.7 million as at 11 January 2017 represents the valuation deficit of the Target Properties as of that date.

The Target Assets represent substantially all machinery, equipment, furniture, computer hardware, vehicles, any related capitalised items and other tangible assets relating to or used in the operation of the production facility at the Target Properties, other than cropping saws, squaring saws and wire saws, which the parties agreed not form the subject of the transaction with a net book value of approximately RMB46.3 million as at 30 November 2016 and will be shipped to the Group's facilities in the PRC for internal use or sale to other parties.

Total Consideration of the Proposed Disposal

The Total Consideration payable by Longi for the Proposed Disposal shall be RMB200 million, among which RMB54,300,000 shall be attributable to the Target Equipment and RMB145,700,000 shall be attributable to the Target Properties (among which RMB6,700,000 and RMB139,000,000 shall be attributable to the Target Land and the Target Buildings, respectively), which is arrived in arm's length negotiation among the parties with reference to the total net book value of the Target Assets of approximately RMB500 million as of 30 November 2016 with a discount of approximately 60%.

The Directors consider that the Consideration, representing a discount of 60% to the net book value of the Target Assets, is fair and reasonable and in the interest of the Company and its Shareholders as a whole for the following reasons:

- (1) the part of the Consideration attributable to the Target Properties is RMB145.7 million, which is in line with the valuation conducted by an independent valuer as set out in the valuation report in Appendix II to this circular;
- (2) the part of the Consideration attributable to the Target Equipment, the majority of which consists of the used monocrystalline furnaces, is RMB54.3 million. According to information available to the Company, including recent price quotations for used monocrystalline furnaces of the kinds similar to those to be disposed of by Comtec Malaysia, such amount is in line with the current market prices for such equipment in the industry; and
- (3) taking into account the recent uncertainty in the solar industry and to the best knowledge of the Directors, there is a risk that the market price of the Target Assets will further decrease before the Completion.

The consideration shall be paid by instalments in cash in accordance with the below terms:

- (1) within **thirty (30) Business Days** after Comtec Malaysia has received a written confirmation from SYARIKAT SESCO BERHAD ("**SEB**") in relation to the settlement plan for termination of the power purchase agreement entered into by and between Comtec Malaysia and SEB dated 14 November 2014 and Comtec Malaysia

LETTER FROM THE BOARD

has served a written termination notice to Air Liquide Malaysia Sdn. Bhd. (“**Air Liquide**”) to terminate the industrial gas bulk supply agreement entered into by and between the Vendor and Air Liquide dated 30 April 2014 (the “**Gas Supply Agreement**”), Longi shall pay to Comtec Malaysia an amount equal to 35% of the Total Consideration minus estimated stamp duties payable in relation to the Memorandum of Transfer (if any) (the “**Estimated Stamp Duties**”) (the “**First Installment**”); in the event the actual stamp duties adjudicated by the stamp office is more than the Estimated Stamp Duties, Longi is entitled to deduct the excess stamp duties (the “**Excess Stamp Duties**”) from the Second Instalment or in the event the actual stamp duties adjudicated by the stamp office are less than the Estimated Stamp Duties, the Purchase shall pay the shortfall stamp duties (the “**Shortfall Stamp Duties**”) at the payment of the Second Installment (as defined below);

- (2) within **fourteen (14) Business Days** after the Closing Date, Longi shall pay to Comtec Malaysia an amount equal to 55% of the Total Consideration minus (i) the Retention Sum (if any) minus (ii) the Outstanding Payment Amounts (if any) minus (iii) the Rectification and Compliance Costs (fixed at RMB35 million) minus (iv) the GST (if any) minus (v) the Excess Stamp Duties (if any) (or plus (v) the Shortfall Stamp Duties (if any)) minus (vi) the outstanding payments (the “**Outstanding Supply Payments**”) payable by Comtec Malaysia to Air Liquide to under Gas Supply Agreement and the floxal nitrogen supply agreement (the “**Nitrogen Supply Agreement**”) entered into by and among Comtec Malaysia and Air Liquide dated December 2013 or minus (vii) any outstanding payments payable by the Vendor to SEB (the “**Second Installment**”); provided that (i) if and as soon as any of the GST is refunded to Longi by the taxation authority in Malaysia, Longi shall further pay an amount equivalent to the refunded GST to Comtec Malaysia; (ii) if and as soon as Comtec Malaysia provides the documentary evidence showing that all of such Outstanding Payment Amounts or any part thereof are settled, Longi shall further pay an amount equivalent to the settled Outstanding Payment Amounts to Comtec Malaysia; and (iii) if Comtec Malaysia has received a written confirmation from Air Liquide in relation to the termination of the Gas Supply Agreement and the Nitrogen Supply Agreement and there is no outstanding settlement expenses to be paid by Comtec Malaysia to Air Liquide, the Outstanding Supply Payments shall not be deducted from the Second Instalment; and
- (3) within **fourteen (14) Business Days** after the last day of the **twelfth (12th) month** after the Closing Date, Longi shall pay Comtec Malaysia an amount equal to 10% of the Total Consideration.

Longi shall release the Retention Sum to Comtec Malaysia upon Comtec Malaysia executing the requisite forms to affirm the disposal of the Target Properties results in a loss and it shall not be liable to pay any real property gain tax in respect thereof and a certificate of own-chargeability having been issued by the Inland Revenue Board of Malaysia.

LETTER FROM THE BOARD

Deposit and default interest

If Longi fails to pay the First Instalment and the respective overdue interest on it in accordance with the schedule set out above, Longi shall procure any of the ultimate parent company of Longi and the subsidiaries of such ultimate parent company to pay, within three (3) Business Days after the receipt of payment notice in writing from Comtec Malaysia, the same amount of such outstanding consideration and the overdue interest as deposit (“**Deposit**”) to the bank account designated by Comtec Malaysia. The Deposit will be refunded to Longi when it notifies Comtec Malaysia that it is ready to pay the relevant outstanding amount.

If Longi fails to pay the First Instalment and/or the Second Instalment in accordance with the schedule set out above for up to one year following the stipulated payment date, Longi shall pay overdue interest on the outstanding amount accrued at the one-year RMB benchmark loan interest rate for financial institutions announced by the People’s Bank of China as of the Closing Date (the “**Benchmark Rate**”). If Longi fails to pay the First Instalment and/or the Second Instalment in accordance with the schedule set out above for more than one year following the stipulated payment date, or if Longi fails to pay the Third Instalment in accordance with the schedule set out above, Longi shall pay overdue interest on the outstanding amount accrued at two times of the Benchmark Rate.

Conditions Precedent

The Asset Transfer Agreement is conditional upon, amongst others, the following conditions precedent being fulfilled, or unless otherwise waived by the Vendor and the Purchaser in writing (where applicable):

- (1) Longi shall have completed the due diligence of the Target Assets, the result of which shall be satisfactory to Longi;
- (2) the Asset Transfer Agreement shall have been duly and lawfully executed and delivered by the parties thereto;
- (3) the Company shall have obtained the approval at the EGM from its shareholders for the execution of the Asset Transfer Agreement, the transfer of the Target Assets and the performance of its obligations as contemplated thereunder in accordance with the Listing Rules;
- (4) Longi shall have delivered to Comtec Malaysia, and Comtec Malaysia shall have delivered to Longi, certified true copies of the resolutions of their respective board of directors and the shareholders’ general meeting (if applicable) approving the execution of the Asset Transfer Agreement, the transfer of the Target Assets and the performance of their respective obligations as contemplated thereunder in accordance with the Listing Rules, their respective articles of association and other applicable Laws;

LETTER FROM THE BOARD

- (5) Comtec Malaysia and the Company shall have executed a statutory declaration confirming the Outstanding Payment Amounts as the final amounts for any liabilities owing to Creditors;
- (6) upon the receipt of the First Instalment by Comtec Malaysia, Comtec Malaysia shall have executed and deposited with Longi's solicitors in escrow necessary documents, materials and items for the purpose of conducting the relevant approval procedures with the competent local authorities for the transfer of the Target Properties;
- (7) where necessary, the parties shall have obtained the relevant approvals or permissions from the competent authorities in Malaysia for the transfer of the Target Assets;
- (8) Longi shall have received from Comtec Malaysia the as-built drawings and occupation permits;
- (9) Comtec Malaysia shall have reached the agreement with the supporting facilities providers pursuant to which Comtec Malaysia shall assign the rights and obligations under the contracts (including but not limited to electricity supply contracts and argon supply contracts) signed by and between Comtec Malaysia and the supporting facilities providers to Longi to ensure the normal operation of the Target Assets after the Closing Date, and the contents of such contracts shall have been approved in writing by Longi;
- (10) Comtec Malaysia shall have obtained all the necessary government approvals for the manufacturing and sales activities with/in/by the Target Assets and Longi shall be entitled to obtain the sufficient and necessary information in relation to such approvals and have provided written acknowledgement;
- (11) all encumbrances over the Target Assets shall have been released or discharged entirely and the relevant forms, where applicable, shall have been issued by the Companies Commission of Malaysia;
- (12) Unless otherwise agreed by the parties, there shall not be any material adverse effect to the Target Assets as of the Unconditional Date;
- (13) Comtec Malaysia and the Company shall have made to Longi sufficient disclosure in relation to the Target Assets, which shall be true, accurate, complete and valid as of the Closing Date unless otherwise specified;
- (14) Comtec Malaysia and the Company shall be responsible for the payment of all the debts as shown on Comtec Malaysia's financial statements as of the Closing Date (or agree in writing to delegate Longi to repay such debts on behalf of Comtec Malaysia, the same amount of which shall be deducted from the Second Instalment) and shall settle all the payables disputes with Comtec Malaysia's suppliers arising before the Closing Date; and

LETTER FROM THE BOARD

- (15) Comtec Malaysia shall rectify the defects identified in the Target Assets to comply with regulatory standards and regulation and to obtain necessary licenses, certificates and permits, the costs to which shall be deducted from the Total Consideration as part of the Rectification and Compliance Costs.

Notwithstanding anything to the contrary, Comtec Malaysia and Longi shall not waive the conditions precedent as set out in the above item (3).

The parties shall procure the satisfaction of the above conditions as soon as practicable before the Long Stop Date (or such later date as the parties may agree).

As at the Latest Practicable Date, items (2) and (11) of the above conditions precedent have been fulfilled. The Company, Comtec Malaysia and Longi are actively working on the other conditions precedent and will continue to work with the relevant parties and coordinate with the relevant government authorities to fulfill the remaining conditions precedent and it is expected that all the conditions precedent will be fulfilled before the Long Stop Date.

Arrangement of Transitional Period

Each party shall not take any action which will hinder or prejudice the transactions contemplated under the Asset Transfer Agreement during the Transitional Period.

Comtec Malaysia undertakes to permit the personnel authorised and designated by Longi (“**Designated Personnel**”) to access the its production site on the Target Properties for inspection, valuation, maintenance, or supervision of the Target Assets in order to avoid any issue which might hinder the transactions contemplated under the Asset Transfer Agreement and ensure the normal operation of the Target Assets. Comtec Malaysia shall give its full co-operation to the Designated Personnel in connection herewith.

Comtec Malaysia undertakes to ensure that the Target Assets shall be in normal operation during the Transitional Period and to timely inform Longi the operational status of the Target Assets by e-mail or otherwise in writing. Comtec Malaysia is obliged to ensure the safety and entirety of the Target Assets during the Transitional Period and not to take any action which might hinder the normal operation of the Target Assets after the Closing Date. Any guarantee provided by Comtec Malaysia or any other agreement or action in the Transitional Period which might lead to any abnormal change of the Target Assets or the rights and benefits of Comtec Malaysia shall be approved in writing by Longi or the representatives of Longi.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

Comtec Malaysia was established in 2013 by the Company to expand the Group’s production capacity in its solar-grade monocrystalline silicon business. Due to the unfavorable global macro-economic environment, the relatively small scale of operations, the lower production efficiency at the early stage of its operations and that it took time to train the local production team, Comtec Malaysia has been loss making and has recorded cumulative net loss of approximately RMB178.5 million since 2013. Although the Group has been striving to improve its operating efficiency and reduce its production cost per unit, Comtec Malaysia has not been able to generate operating profit so far in 2016. At the same time, the industry landscape for the monocrystalline silicon business deteriorated in the second half of 2016, with certain major players who use monocrystalline silicon wafers, such as those produced by Comtec Malaysia, scaling back or even shutting down their production. In such circumstances,

LETTER FROM THE BOARD

the Board considers that it will be in the interest of the Company to exit its investment in the production facilities in Malaysia so that the Group can provide more resources on expanding its downstream distributed solar system business, as it is expected that the business prospects of the downstream distributed solar system business is better than that of the upstream ingot and wafer manufacturing business. Also, given the unfavorable market conditions, the Board believes there is a risk that the prices of the Target Assets may fall even lower later.

Thus the Directors are of the view that the Asset Transfer Agreement and the transaction contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The actual financial effect from the Proposed Disposal and to be accounted for in the consolidated financial statements of the Company will be computed based on the financial information of the Proposed Disposal as at the Completion and subject to audit. For illustrative purposes, there is an estimated loss of approximately RMB300 million arising out of the Proposed Disposal based on the consideration of RMB200 million and the total net book value of the Target Assets as at 30 November 2016 of approximately RMB500 million.

USE OF PROCEEDS FROM THE PROPOSED DISPOSAL

The proceeds from the Proposed Disposal will be used for general working capital purposes and any investment opportunities identified in the future.

INFORMATION ABOUT THE GROUP, THE TARGET ASSETS AND LONGI

Information about the Group

The Group is principally engaged in the research, production and sales of efficient mono-crystalline products and the investment, development, construction and operation of solar photovoltaic power stations.

Information about the Target Assets

The unaudited total net book value of the Target Assets as at 30 November 2016 was approximately RMB500 million.

LETTER FROM THE BOARD

The net loss of Comtec Malaysia before and after taxation and extraordinary items for the years ended 31 December 2014 and 2015 and the eleven months ended 30 November 2016 was set out as follow:

	For the year ended 31 December 2014 RMB (audited)	For the year ended 31 December 2015 RMB (audited)	For the eleven months ended 30 November 2016 RMB (unaudited)
Net loss before and after taxation and extraordinary items for the year/ period	27,021,000	71,798,000	79,379,000

Information about Longi

Longi is a company established under the laws of Malaysia and wholly-owned by Xi'an Longi. Longi is mainly engaged in the business of production of monocrystalline silicon wafers, monocrystalline battery and monocrystalline component, etc.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group has been primarily engaged in the manufacturing and sales of solar wafers and related products and provision of processing service for solar products. Since the second half of 2016, the challenging market conditions in the upstream wafer and ingot manufacturing segment of the solar industry began to deteriorate when a number of large downstream solar module and panel manufacturers announced their plans to scale back or even shut down their production and accordingly, the average selling prices of wafers and polysilicon further decreased during the second year of 2016. As such the Group is expected to record a substantial net loss for the year ended 31 December 2016, primarily due to the potential write-down of Group's the fixed assets related to the manufacturing facilities of the Group in Malaysia and the PRC as well as the inventory. In light of such trend in the solar industry, the Company intends to expand into downstream solar business in its business portfolio and to reduce the scale of manufacturing businesses.

In September 2016, the Group has successfully completed its acquisition of Joy Boy HK Limited, which marked the beginning of the Group's expansion into the business of downstream solar project development, which the Directors believe would fuel the growth of the Group. Following the acquisition of Joy Boy HK Limited, the Group has also completed the acquisition of Forum (Asia) Limited to in March 2017 further expand into downstream solar business.

EGM

A notice convening the EGM to be held at 5/F, BOC Group Life Assurance Tower, 136 Des Voeux Road Central, Hong Kong at 10:00 a.m. on Thursday, 20 April 2017 is set out on pages EGM-1 to EGM-2 of this circular.

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, no Shareholder has material interest in the Asset Transfer Agreement and therefore, no Shareholder would be required to abstain from voting at the EGM. The resolution(s) proposed to be approved at the EGM will be taken by poll and an announcement will be made by the Company on the results of the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the endorsed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the EGM. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM should you so desire.

CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members of the Company will be closed from Thursday, 13 April 2017 to Thursday, 20 April 2017, both dates inclusive, for the purpose of determining shareholders' entitlements to attend and vote at the EGM. In order to qualify for the right to attend and vote at the meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 12 April 2017.

RECOMMENDATION

On the basis of the information set out in this circular, the Directors consider that the Asset Transfer Agreement, the Supplemental Agreement and the transactions contemplated thereunder are in the best interests of the Company and the Shareholders as a whole and therefore recommend you to vote in favour of the resolutions for approving the Asset Transfer Agreements, the Supplemental Agreement and transactions contemplated thereunder and the granting of the Specific Mandate at the EGM.

Yours faithfully,
For and on behalf of the Board of
Comtec Solar Systems Group Limited
John Yi ZHANG
Chairman

1. FINANCIAL SUMMARY OF THE GROUP

The published audited consolidated financial statements of the Group for the years ended 31 December 2013, 2014 and 2015 are disclosed in the Company's 2013 annual report, 2014 annual report and 2015 annual report, respectively. The annual reports can be accessed on the website of the Company (www.comtecsolar.com) and the website of the Stock Exchange (www.hkexnews.hk).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 January 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following indebtedness:

Borrowings

As at the close of business on 31 January 2017, being the latest practicable date for the purpose of determining this indebtedness of the Group prior to the printing of this circular, the Group had total borrowings amounting to approximately RMB267.80 million, of which RMB29.2 million were unsecured, and RMB238.60 million were secured by certain assets of the Group.

Mortgages and charge

As at the close of business on 31 January 2017, the Group's secured bank and other borrowings were secured by certain of the Group's bank deposits, trade receivable, property, plant and equipment, prepaid lease payments.

Contingent liabilities

In addition, as at 31 January 2017, the Group has issued bank guarantee to independent third parties in respect of securing a payment obligation for a subsidiary to enter an agreement for the sales and purchase of electricity. The maximum amount that could be paid by the Group if the guarantee was called upon is RMB16.2 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have, at the close of business on 31 January 2017, any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the net cash proceeds to be received from the Proposed Disposal, the present financial resources available to the Group including but not limited to revenue generated by its principal operations, cash and cash equivalents on hand, existing banking facilities, successful refinancing of banking facilities and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirement for at least the next twelve months from the date of publication of this circular.

American Appraisal China Limited
Rooms 701 & 708-710, Gloucester Tower
The Landmark, 15 Queen's Road Central, Hong Kong
美國評值有限公司
香港中環皇后大道中 15 號
置地廣場告羅士打大廈 701 及 708-710 室
Tel : 852 2281 0188 Fax : 852 2511 9626



A Division of
DUFF & PHELPS

31 March 2017

The Directors
Comtec Solar Systems Group Limited
16 Yuan Di Road,
Nanhui Industrial Zone
Shanghai, P.R. China 201314

Dear Sirs,

In accordance with the instruction of Comtec Solar Systems Group Limited (the “Company” or “Comtec Solar”) to estimate the market value of an industrial complex in Malaysia (the “Property”) held by Comtec Solar, we confirm that we have carried out inspection of the Property, made relevant enquiries and obtained such further information as we consider necessary for providing the market value of such property interests as at 11 January 2017 (referred to as the “Valuation Date”).

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made, title investigation of property and the limiting conditions.

No third party shall have the right of reliance on this valuation report and neither receipt nor possession of this valuation report by any third party shall create any express or implied third-party beneficiary rights.

BASIS OF VALUATION

Our valuation is our opinion of the Market Value which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market Value is understood as the value of an asset and liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION METHODOLOGY

In valuing the Property, we based on the depreciated replacement cost of the building and structures (referred to as the “Building”) which is defined as the gross replacement cost of the Buildings, from which appropriate deductions may then be made to allow for the age, condition, economic/external and functional obsolescence and environmental factors etc. All of these might result in the existing Buildings being worth less to the undertaking in occupation than would a new replacement. For the land portion, we have made reference to the similar transaction in the locality.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests. We have not scrutinized the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us.

We have relied to a considerable extent on the information provided by the Company and the Malaysia legal opinion provided by the Malaysia legal adviser, Messrs Reddi & Co., Advocates on the Malaysia Law regarding the Property located in Malaysia.

All legal documents disclosed in this letter and valuation certificate are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter and valuation certificate.

ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the property interests on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the property interests.

No allowance has been in our valuations for any charges, mortgages or amounts owing on the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, all the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have assumed that the owner of the property interests have free and uninterrupted rights to use, lease or mortgage the property interests. We have also assumed that the property interests are freely disposable and transferable.

We have valued the property interests on the assumption that it is developed in accordance with the development proposals or building plans given to us. We have assumed that all consents, approvals and licences from relevant government authorities for the buildings and structures erected or to be erected thereon have been granted. Also, we have assumed that unless otherwise stated, all buildings and structures erected on the land parcels are held by the owner or permitted to be occupied by the owner.

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificates. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists unless noted in the valuation certificate.

Other special assumptions of the Property, if any, have been stated in the footnotes of the valuation certificate.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on such matters as statutory notices, easements, tenure, occupancy, site areas and floor areas and all other relevant matters. Dimensions and areas included in the valuation certificate are based on information contained in the documents provided to us and are only approximations.

Having examined all relevant documentation, we have had no reason to doubt the truth and accuracy of the information provided to us. We have assumed that no material factors have been omitted from the information to reach an informed view, and have no reason to suspect that any material information has been withheld.

We have not carried out detailed site measurements to verify the land areas or building areas in respect of the property but have assumed that the areas provided to us are correct. All dimensions and areas are approximations only.

Our Mr. Calvin Chan has inspected the Property included in the attached valuation certificate on 11 January 2017. No structural survey has been made and we are therefore unable to report as to whether the Property is or is not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

No site investigations have been carried out to determine the suitability of the ground conditions or the services for the sites.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed unless otherwise stated, defined, and considered in the report. It is also assumed that all required licenses, consents, or other legislative, or administrative authority from any local, provincial, or national government or private entity or organization either have been or can be obtained or renewed for any use which the report covers.

REMARKS

In valuing the property interests, we have complied with all the requirements contained in Paragraph 34(2) and (3) of Schedule 3 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors.

We hereby certify that we have neither present nor prospective interest in the real Property or the value reported. This valuation report is issued subject to our Assumptions and Limiting Conditions.

Unless otherwise stated, all monetary amount stated in this report is in Renminbi (RMB). The exchange rate adopted between Renminbi (RMB) and Malaysia Ringgit (MYR) was MYR1 to RMB1.54724 as of the Valuation Date.

We enclose herewith our valuation certificate.

Yours faithfully,

For and on behalf of

AMERICAN APPRAISAL CHINA LIMITED

Calvin K.C. Chan

CFA, MRICS, MHKIS, MCIREA, RPS (GP)

Director

Note:

Mr. Calvin K. C. Chan, who is a Chartered Surveyor and Registered Professional Surveyor, has over 18 years' experience in valuation of properties in Hong Kong and Asia. Mr. Chan has been admitted to the Hong Kong Institute of Surveyors' approved List of Property Valuers to undertake valuation for incorporation or reference in Listing Particulars and Circulars and valuation in connection with that takeovers and mergers.

SUMMARY OF VALUE

Property	Market Value in Existing State as at 11 January 2017 (RMB)
An industrial complex located at Lot 3159 Block 12 in Muara Tebas Land District, Samajaya Free Industrial Zone, Kuching City, Sarawak, Malaysia	152,000,000
Total:	<hr/> <u><u>152,000,000</u></u>

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value In existing state as at 11 January 2017
An industrial complex located at Lot 3159 Block 12 in Muara Tebas Land District, Samajaya Free Industrial Zone, Kuching City, Sarawak, Malaysia	<p>The subject Property is an industrial complex erected on an industrial land parcel (Lot No. 3159 Block 12 in Muara Tebas Land District) with a site area of about 154,430 square metres (or about 15.443 hectares).</p> <p>The industrial complex was completed in 2014. It comprises seven 1- to 2-storey buildings with ancillary facilities, they includes slicing plant, crystal plant, sewage water treatment plant, materials storage, power station, utility building and guard room. The total gross floor area of the Property is about 407,134.09 sq.ft. (or about 37,823.68 sq.m.).</p> <p>The Property is located on the south-western side of Jalan Usha Jaya in Muara Tebas Land District on the south-western portion of Samajaya Free Industrial Zone. The industrial zone was developed in 2013. It comprises 813 hectares of prime industrial land dominated by multinational technology companies. It is about 11 kilometres from the Kuching International Airport and about 9.1 kilometres from the Kuching City Centre.</p>	As advised and as per our site inspection, the Property was owner-occupied for industrial use as of the Valuation Date.	RMB152,000,000

Notes:

- (1) As provided by the Company, the gross floor area (“GFA”) schedule of the Property is summarized below:

No.	Building Name	No. of Storey	Year of Completion	GFA (sq.m.)
1	Slicing Plant	1	2014	10,847.76
2	Crystal Plant	2	2014	17,703.19
3	Sewage water treatment Plant	1	2014	3,040.12
4	Materials storage	1	2014	1,936.48
5	Power Station	2	2014	966.13
6	Utility Building	1	2014	3,280.00
7	Guard room	1	2014	50.00
Total				<u>37,823.68</u>

- (2) Pursuant to a Provisional Lease of State Land, Reference No. M4-27-2(1,4) & MP 1/31-257, issued by Kuching Land Registry Office dated 6 January 2014, the land parcel of the Property with a total site area of 15.443 hectares is leased by Comtec Solar International (M) Sdn Bhd for industrial use for a term of 60 years from 6 January 2014 to 5 January 2074 at a premium of MYR4,155,677 and an annual rent of MYR33,357 or to the payment of such revised rent as may hereafter be determined under section 30 of the Land Code and subject also to the terms of and conditions thereafter written.

- (3) As advised by the Company, the Lot Number of the Property under the captioned Provisional Lease of State Land above will be changed from Lot No. 3159 to Lot No. 3211 upon this issuance of the final title to the Land of the Property.
- (4) Pursuant to a Partial Occupation Permit, No. 98/2016, issued by Council of the City of Kuching South dated 1 November 2016, under by-laws 23 (I), part(s) of the buildings of the Property exclude the Air Condenser Units to Building 1 (Slicing Plant 1) erected on Lot 3211, Block 12 MTL D at Jalan Usaha Jaya of Sama Jaya Free Industrial Zone, Kuching has been inspected and found to be satisfactory completed in accordance with the approved plans Nos. B.P. 80/2013 & (A). Accordingly, that part(s) of the buildings of the Property can be occupied for the purpose as stated in the approved plans. This permit is valid until the whole of the above mentioned Property is completed and an Occupation Permit is issued by the Council of the City of Kuching South.
- (5) For reference purpose, the value of the Property as of 30 November 2016 was RMB153,000,000.
- (6) The Malaysia legal opinion states, inter alias, that:
 - (a) Comtec Solar International (M) Sdn Bhd is entitled to use, transfer, lease and mortgage the Land or dispose the Land of the Property, subject to the Special Conditions as stated in the Provisional Lease of State Land and the results of Land Search.
 - (b) Comtec Solar International (M) Sdn Bhd is the registered proprietor of the land of the Property and the land is free from all liens, mortgages, charges and caveats.
 - (c) There is no outstanding quit rent and land premiums applicable to the land of the Property.
 - (d) Comtec Solar International (M) Sdn Bhd has been issued and currently holds the Partial Occupation Permit in respect of the Solar Wafer Plant excluding Air Condenser Unit to Slicing Plant 1 erected on the Land according to the approved plan B.P. 80/2013 & (A).

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

1. DISCLOSURE OF INTERESTS**(a) Interests and short positions of the Directors and the chief executives in the share capital and associated corporations of the Company**

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executives in the Shares, underlying Shares and debentures of the Company and its associated corporations of the Company, within the meaning of Part XV of the SFO which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Long positions in the Shares and underlying Shares of the Company:

Name	Capacity	Number of Shares interested as at the Latest Practicable Date	Percentage of total issued share capital as at the Latest Practicable Date
Mr. John Yi Zhang ⁽¹⁾	Beneficial owner, beneficiary of a trust, interest in a controlled corporation, interest of children under 18	629,283,550	40.69%
Mr. Chau Kwok Keung ⁽²⁾	Beneficial owner	13,228,000	0.86%
Mr. Kang Sun ⁽³⁾	Beneficial owner	549,574	0.04%

Name	Capacity	Number of Shares interested as at the Latest Practicable Date	Percentage of total issued share capital as at the Latest Practicable Date
Mr. Daniel Dewitt Martin ⁽⁴⁾	Beneficial owner	499,659	0.03%
Mr. Leung Ming Shu ⁽⁵⁾	Beneficial owner	362,787	0.02%
Mr. Zhang Zhen ⁽⁶⁾	Interest in a controlled corporation/Beneficial owner	164,059,384	10.61%

Notes:

- (1) Fonty, 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. For the purpose of the SFO, Mr. Zhang is also deemed to be interested in 5,000,000 underlying Shares by virtue of share options granted to him to subscribe for 5,000,000 Shares under the Company's share option scheme adopted by the Company on 2 October 2009 (the "**Share Option Scheme**").
- (2) The Shares in which Mr. Chau Kwok Keung is deemed to be interested represent 13,228,000 Shares which may be issued to him upon the exercise of the share options granted to him on 28 June 2012 and on 31 March 2014 under the Share Option Scheme.
- (3) The 549,574 Shares in which Mr. Kang Sun is deemed to be interested represent 549,574 Shares which may be issued to him upon the exercise of the Pre-IPO share options granted to him on 3 August 2009 and 2 October 2009 under the Pre-IPO share option scheme adopted by the Company on 2 June 2008 (the "**Pre-IPO Share Option Scheme**") and the share options granted to him on 27 December 2012 under the Share Option Scheme.
- (4) The 499,659 Shares in which Mr. Daniel DeWitt Martin is deemed to be interested represent 499,659 Shares which may be issued to him upon the exercise of the Pre-IPO share options granted to him on 3 August 2009 and 2 October 2009 under the Pre-IPO Share Option Scheme and the share options granted to him on 27 December 2012 under the Share Option Scheme.
- (5) The 362,787 shares in which Mr. Leung Ming Shu is deemed to be interested represent 362,787 Shares which may be issued to him upon the exercise of the Pre-IPO share options granted to him on 3 August 2009 and 2 October 2009 under the Pre-IPO Share Option Scheme and the share options granted to him on 27 December 2012 under the Share Option Scheme.
- (6) The 164,059,384 Shares in which Mr. Zhang Zhen is deemed to be interested represent a maximum of 164,059,384 consideration Shares which may be issued to him or a company designated by him, assuming the maximum consideration will be paid and satisfied by the allotment and issue of such consideration Shares pursuant to a sale and purchase agreement entered into by, amongst others, the Company and Mr. Zhang Zhen, dated 7 July 2016.

Save as mentioned above, as at the Latest Practicable Date, none of the Directors and the chief executives had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken deemed to have under such provisions of the SFO), or which had been entered in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, so far as the Directors are aware, the following persons (other than the Directors and the executive officers) have interests or short positions in the Shares or underlying Shares which are required to be disclosed to the provisions of Divisions 2 and 3 of Part XV of the SFO or, are directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name	Capacity	Number of Ordinary Shares as at the Latest Practicable Date	Percentage of total issued share capital as at the Latest Practicable Date
Fonty	Beneficial owner	576,453,844	37.27%
Ms. Carrie Wang ⁽¹⁾	Interest of spouse	629,283,550	40.69%
Harmony Gold Ventures Corp ⁽²⁾	Beneficial owner	154,651,306	10.00%
Shanghai Hengqu Internet Technology Co., Ltd.* ⁽²⁾	Interest in a controlled corporation	154,651,306	10.00%
Jiangyin Jinqu Capital Management Co., Ltd.* ⁽²⁾	Interest in a controlled corporation	154,651,306	10.00%
Mr. Wang Yixin (王藝新) ⁽²⁾	Interest in a controlled corporation	154,651,306	10.00%

Notes:

- (1) Ms. Carrie Wang is the spouse of Mr. Zhang and therefore, pursuant to the SFO, she is deemed to be interested in all the Shares in which Mr. Zhang is interested.
- (2) Harmony Gold Ventures Corp is a wholly-owned subsidiary of Shanghai Hengqu Internet Technology Co., Ltd.* (上海恒渠互聯網科技有限公司), which is wholly-owned by Jiangyin Jinqu Capital Management Co., Ltd.* (江陰市金渠資本管理有限公司), which is in turn owned as to 99% by Mr. Wang Yixin (王藝新). Therefore, each of Shanghai Hengqu Internet Technology

Co., Ltd.* (上海恒渠互聯網科技有限公司), by Jiangyin Jinqu Capital Management Co., Ltd.* (江陰市金渠資本管理有限公司) and Mr. Wang Yixin (王藝新) is deemed to be interested in the 154,651,306 Shares held by Harmony Gold Ventures Corp.

Save as mentioned above, as at the latest Practicable Date, the Company had not been notified of any interests and short positions in the Shares and underlying Shares of the Company which had been entered in the register required to be kept under Section 336 of the SFO.

2. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

3. QUALIFICATIONS AND CONSENT OF EXPERT

The following is the qualifications of the experts or professional advisers who have given opinion or advice contained in this circular:

Name	Qualifications
American Appraisal China Limited	Independent property valuer

American Appraisal China Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The letter and recommendation given by American Appraisal China Limited are given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, American Appraisal China Limited did not have any shareholding in or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, American Appraisal China Limited did not have any interest, direct or indirect, in any assets since 31 December 2015, being the date to which the latest published audited accounts of the Company were made up, have been acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company.

4. MATERIAL ADVERSE CHANGE

According to the assessment of the Company's management based on the information currently available, it is expected that the Group will record a substantial net loss for the year ended 31 December 2016, although the magnitude of such loss is yet to be quantified. Based on the information currently available, the anticipated net loss would be primarily attributable to the following factors: (i) a potential write-down of the Target Assets; (ii) a potential write-down of the assets related to the manufacturing facilities of the Group in the People's Republic

of China; and (iii) a potential write-down of the Group's inventory. These factors primarily resulted from the challenging market conditions in the upstream wafer and ingot manufacturing segment of the solar industry, which has deteriorated since the second half of 2016 when a number of large downstream solar module and panel manufacturers announced their plans to scale back or even shut down their production. Under such market conditions, the average selling prices of wafers and polysilicon further decreased during the second half of 2016.

Save as disclosed herein and as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Company were made up.

5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

6. INTEREST OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2015, being the date to which the latest published audited accounts of the Company were made up.

As at the Latest Practicable Date, there is no other contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

7. MATERIALS CONTRACTS

The following contracts, not being contracts in the ordinary course of business, were entered into by the members of the Group within two years preceding the Latest Practicable Date and are or may be material:

- (a) the Asset Transfer Agreement;
- (b) the Supplemental Agreement;
- (c) the sale and purchase agreement entered into by and among the Company, Forum (Asia) Limited, On Board International Investment Limited, United Concord Investment Holdings Limited, Ms. Yuan Jing and Mr. Xing Shiyang dated 14 November 2016, pursuant to which the Company agreed to acquire 51% of the entire issued share capital of Forum (Asia) Limited at a total maximum consideration of RMB52.02 million;

- (d) the subscription agreement entered into by and between the Company and Shanghai Hengqu Internet Technology Co., Ltd.* (上海恒渠互聯網科技有限公司) dated 8 July 2016, pursuant to which the Company agreed to allot and issue, and Shanghai Hengqu Internet Technology Co., Ltd.* (上海恒渠互聯網科技有限公司) agreed to subscribe for, 154,651,306 Shares at a subscription price of HK\$0.46 per Share;
- (e) the sale and purchase agreement entered into by and among the Company, Joy Boy HK Limited, True Joy Renewable Limited, EJoy Renewable Limited, Mr. Zhang Zhen and Mr. Tang Huantong dated 7 July 2016, pursuant to which the Company agreed to acquire the entire issued share capital of Joy Boy HK Limited at a total maximum consideration of RMB130 million;
- (f) the subscription agreement entered into by and between the Company and GF Financial Holding Group Co., Ltd. dated 11 January 2016, pursuant to which the Company agreed to issue, and GF Financial Holding Group Co., Ltd. agreed to subscribe for, 672,900,231 Shares at a subscription price of HK\$0.66 per Share;
- (g) the subscription agreement entered into by and between the Company and Li Wanbin dated 11 January 2016, pursuant to which the Company agreed to issue, and Li Wanbin agreed to subscribe for, 255,238,019 Shares at a subscription price of HK\$0.66 per Share;
- (h) the termination deed entered into by and between the Company and Li Wanbin dated 29 April 2016, pursuant to which the proposed subscription of 255,238,019 Shares by Mr. Lin Wanbin was terminated;
- (i) the termination agreement entered into by and among Comtec Solar (Hong Kong) Limited (formerly known as Star View (Hong Kong) Limited), Shanghai Comtec Solar Technology Co., Ltd.* (上海卡姆丹克太陽能科技有限公司), Comtec New Energy Technology (Shanghai) Co., Ltd.* (卡姆丹克新能源科技(上海)有限公司) and Shanghai Wan qian Jia Mu Green Landscapes Constructions Co., Ltd.* (上海萬千佳木綠地建設有限公司) dated 26 January 2015, pursuant to which the framework agreement entered into by and among the above-mentioned parties dated 9 November 2012 was terminated with immediate effect;
- (j) the share transfer agreement entered into by and among Comtec Solar (Cayman) Limited (formerly known as Most Talent Limited), Comtec New Energy China Holdings Limited and New Energy Management Limited dated 26 January 2015, pursuant to which Comtec Solar (Cayman) Limited agreed to transfer all shares in Comtec New Energy China Holdings Limited to New Energy Management Limited for a consideration of RMB28,500,000; and
- (k) the termination agreement entered into by and between Comtec Solar (Cayman) Limited (formerly known as Most Talent Limited and New Energy Management Limited dated 25 March 2016, pursuant to which the proposed transfer of all shares in Comtec New Energy China Holdings Limited by Comtec Solar (Cayman) Limited to New Energy Management Limited was terminated.

8. LITIGATION

As at the Latest Practicable Date, none of the Company or any of its subsidiaries has received notice of any litigation or claims of material importance pending or threatened against the Company or any of the subsidiaries of the Company.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at Unit 2001, Level 20, One International Finance Centre, 1 Harbour View Street, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) each of the material contracts as stated in paragraph 7 of this appendix;
- (c) the written consent from American Appraisal China Limited referred in paragraph 4 of this appendix;
- (d) the property valuation report as stated in Appendix II;
- (e) the circular of the Company in relation to the proposed acquisition of 51% of the entire issued share capital of Forum (Asia) Limited dated 12 December 2016;
- (f) the circular of the Company in relation to the proposed acquisition of the entire issued share capital of Joy Boy HK Limited dated 9 August 2016;
- (g) the circular of the Company in relation to the proposed refreshment of scheme mandate limit of the Share Option Scheme dated 9 December 2015; and
- (h) the audited consolidated financial statements of the Group for the two financial years ended 31 December 2015.

10. MISCELLANEOUS

- (a) The principal registrar of the Company is Royal Bank of Canada Trust Company (Cayman) Limited, 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Islands.
- (b) The Hong Kong branch share registrar is Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) In case of inconsistency, the English text of this circular and the enclosed form of proxy shall prevail over its Chinese text.



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of Comtec Solar Systems Group Limited (the “**Company**”) will be held at 5/F, BOC Group Life Assurance Tower, 136 Des Voeux Road Central, Hong Kong at 10:00 a.m. on Thursday, 20 April 2017 to consider and, if thought fit, passing, with or without modifications, the following ordinary resolution of the Company. Unless otherwise defined, capitalised terms shall bear the same meaning as those in the circular of the Company dated 31 March 2017.

ORDINARY RESOLUTION

“THAT

- (a) the Asset Transfer Agreement and the Supplemental Agreement entered into between the Company, Comtec Malaysia and Longi dated 30 December 2016 and 21 March 2017, respectively, pursuant to which Comtec Malaysia agreed to sell and Longi agreed to purchase the Target Assets of Comtec Malaysia at the Total Consideration of RMB200 million, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) any one Director be and is hereby authorised to do all such things and acts as he may in his discretion consider as necessary, appropriate, expedient or desirable for the purpose of or in connection with the implementation of the Asset Transfer Agreement, the Supplemental Agreement and the transactions contemplated thereunder, including but not limited to the execution of all such documents under seal where applicable, as he considers necessary or expedient in his opinion to implement and/or give effect to the Asset Transfer Agreement and the Supplemental Agreement, provided that all such things and acts shall be limited to administrative nature and ancillary to the implementation of the Asset Transfer Agreement and the Supplemental Agreement.”

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

Hong Kong, 31 March 2017

NOTICE OF EGM

As at the date of this notice, the directors of the Company are Mr. John Yi ZHANG, Mr. CHAU Kwok Keung and Mr. Zhang Zhen as executive directors, Mr. Donald HUANG and Mr. Wang Yixin (王益新) as non-executive directors, and Mr. Daniel DeWitt MARTIN, Mr. Kang SUN and Mr. LEUNG Ming Shu as independent non-executive directors.

Registered office:

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

Suite 28
35/F Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Notes:

1. Any member entitled to attend and vote at the above meeting is entitled to appoint one or, if he is the holder of two or more shares, one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the offices of the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the above meeting or any adjournment thereof.
3. The transfer books and register of members of the Company will be closed from Thursday, 13 April 2017 to Thursday, 20 April 2017, both days inclusive, for the purpose of determining shareholders' entitlements to attend and vote at the extraordinary general meeting. In order to qualify for the right to attend and vote at the meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 12 April 2017.
4. In the case of joint holders of a share, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.