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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(s) or transferee(s).

This circular is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of Comtec Solar Systems Group Limited.

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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 712)

PROPOSED ISSUE OF CONVERTIBLE BONDS
AND
PROPOSED GRANT OF SPECIFIC MANDATE
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 Friday, 27 July 2018 is set out on pages 18 to 20 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.

9 July 2018

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DEFINITIONS

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

“Articles”	the articles of association of the Company;
“Board”	the board of Directors of the Company;
“Bondholder(s)”	the person or persons who are for the time being registered as the holder(s) of the Convertible Bonds;
“Business Day”	a day (excluding a Saturday or a Sunday) on which commercial banks in Hong Kong and New York City are generally open for business;
“Certificate”	the certificate to be issued in respect of the Convertible Bonds;
“Change of Control”	the closing of (i) any merger, combination, amalgamation, tender offer or other business combination in which the shareholders owning a majority of the voting power of the equity securities of the Company prior to such transaction do not own a majority of the voting power of the equity securities of the Company after such transaction, (ii) a voluntary sale of a majority of the voting power of the equity securities of the Company by the shareholders of the Company to any person in which the shareholders of the Company do not own a majority of the voting power of the equity securities of the Company after such sale or (iii) the sale, transfer or other disposition of all or a substantial part of the assets of the Company;
“Company”	Comtec Solar Systems Group Limited;
“Completion”	the completion of the subscription of the Convertible Bonds pursuant to the Subscription Agreement;
“Completion Date”	the date of the Completion as agreed between the Company and the Subscriber;
“Comtec HK Share Charge”	the share charge pursuant to which Comtec Solar Cayman shall charge all the total issued shares of Comtec Solar HK issued from time to time held by the Company, to and for the benefit of the Subscriber;
“Comtec Renewable Energy”	Comtec Renewable Energy Group Limited (company number 2382759), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;

DEFINITIONS

“Comtec Solar Cayman”	Comtec Solar (Cayman) Ltd. (company number 186211), a company incorporated in the Cayman Islands and a wholly-owned subsidiary of the Company;
“Comtec Solar HK”	Comtec Solar (Hong Kong) Limited (company number 1175187), a company incorporated in Hong Kong with registered address at Suite 33, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. and a wholly-owned subsidiary of the Company;
“Conditions”	the terms and conditions to be attached to or form part of the Convertible Bonds;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Controlled Accounts”	the bank accounts maintained by Comtec Renewable Energy and Comtec Solar HK, respectively at Hang Seng Bank Limited jointly controlled by the Company and the Subscriber;
“Conversion Date”	a date on which a notice is given exercising Conversion Rights pursuant to Certificate;
“Conversion Price”	HK\$0.174 per Share;
“Conversion Shares”	up to 451,137,931 Shares to be issued by the Company under the Convertible Bonds (whether upon exercise by the Bondholder of the Conversion Rights, or otherwise pursuant to the Conditions);
“Convertible Bonds”	Convertible Bonds for an aggregate principal amount of US\$10,000,000, to be issued by the Company at Completion with the benefit of and subject to the provisions of the Conditions;
“Current Market Price”	in respect of a Share on a particular date, the arithmetic average of the daily Closing Price of one Share on each of the 20 consecutive trading days, as prescribed by the Certificate;
“Directors”	the directors of the Company;
“Future Energy”	Future Energy Capital Group Limited (company number 1945283), a company incorporated in the British Virgin Islands with registered address at Sea Meadow House, Blackburne Highway, (P.O. Box 116), Road Town, Tortola, British Virgin Islands, and a co-investment vehicle established by Comtec Renewable Energy and Macquarie;

DEFINITIONS

“Future Energy Share Charge”	the share charge pursuant to which the Company shall charge all of the issued shares of Future Energy Capital Group Limited held by the Company, to and for the benefit of the Subscriber;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	the lawful currency of Hong Kong;
“Independent Third Parties”	persons which, to the best information, knowledge and belief of the Directors having made all reasonable enquires, are third parties independent of the Company and its connected persons;
“Jiangsu Comtec”	Comtec Solar Technology (Jiangsu) Co Ltd (卡姆丹克太陽能科技(江蘇)有限公司), a wholly foreign-owned enterprise established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company;
“Latest Practicable Date”	6 July 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Committee”	Listing Committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	3 August 2018;
“Macquarie”	Macquarie Corporate Holdings Pty Limited (company number ACN096705109), a company incorporated and existing under the laws of Australia with its registered office at Macquarie Bank Limited, Level 6, 50 Martin Place, Sydney NSW 2000;
“Maturity Date”	the third anniversary of the date of issue of the Convertible Bonds;
“Redemption Amount”	the outstanding principal amount of the Convertible Bonds together with all outstanding interest accrued on the Maturity Date;
“RMB”	Renminbi, the lawful currency of People’s Republic of China

DEFINITIONS

“Security Documents”	collectively, the Future Energy Share Charge and the Comtec HK Share Charge;
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong;
“Shanghai Comtec”	Shanghai Comtec Solar Technology Co. Ltd (上海卡姆丹克太陽能科技有限公司), a wholly foreign-owned enterprise established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company;
“Shareholders”	holders of Share(s) as recorded on the registers of members of the Company;
“Shares”	the ordinary shares of HK\$0.001 each in the share capital of the Company existing on the date of the Subscription Agreement and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) shares or stock resulting from any sub division, consolidation or re classification thereof;
“Specific Mandate”	the specific mandate proposed to be sought from the Shareholders at an extraordinary general meeting of the Company to authorise the Directors to issue and allot the Conversion Shares upon conversion of the Convertible Bonds;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Putana Limited, a company incorporated and existing under the laws of British Virgin Islands;
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Subscriber on 18 May 2018 as amended by an amendment agreement entered into between the same parties dated 6 July 2018 for the issue of Convertible Bonds by the Company; and
“U.S.\$” or “U.S. dollar”	United States dollar, the lawful currency of the United States of America.

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 Zhang
(Chairman)
Mr. Zhang Zhen
Mr. Chau Kwok Keung

Non-executive Director:

Mr. Wang Yixin

Independent non-executive Directors:

Mr. Leung Ming Shu
Mr. Kang Sun
Mr. Xu Erming

Registered office:

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

*Principal place of
business in Hong Kong:*

Suite 33
35/F Central Plaza
18 Harbour Road
Wanchai
Hong Kong

9 July 2018

To the Shareholders,

Dear Sir/Madam,

**PROPOSED ISSUE OF CONVERTIBLE BONDS
AND
PROPOSED GRANT OF SPECIFIC MANDATE
AND
NOTICE OF EGM**

INTRODUCTION

Reference is made to the announcement of the Company dated 18 May 2018. On 18 May 2018 (after trading hours), the Subscriber entered into the Subscription Agreement with the Company in respect of the issue of the Convertible Bonds with an aggregate principal amount of US\$10 million due 2021. On 6 July 2018, the Company and the Subscriber entered into an amendment agreement to amend certain terms of the Subscription Agreement. Pursuant to the said amendment agreement, the Long Stop Date in respect of the Subscription Agreement has been extended to 3 August 2018 and provisions regarding the use and handling of the proceeds

LETTER FROM THE BOARD

from the issue of the Convertible Bonds under the Subscription Agreement have been amended. Save as disclosed above, all other material terms and conditions of the Subscription as disclosed in the announcement of the Company dated 18 May 2018 remain unchanged and in full force and effect.

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 resolutions in relation to, amongst other things, (i) the Special Mandate and (ii) the proposed issue of the Convertible Bonds.

SUBSCRIPTION AGREEMENT

Particulars of the Subscription Agreement

(1) Parties and Date

Date: 18 May 2018 (amended on 6 July 2018)

Issuer: The Company

Subscriber: Putana Limited

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

(2) Subject matter:

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

(3) Principal terms of the Convertible Bonds

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

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

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

Maturity date: The Convertible Bonds shall mature on the third anniversary of the date of issue of the Convertible Bonds.

LETTER FROM THE BOARD

Ranking of the Convertible Bonds:

The obligations of the Company arising under the Convertible Bonds constitute direct, unsubordinated, unconditional and secured obligations of the Company and at all times rank, equally among themselves and pari passu with all existing and future unsubordinated and secured obligations of the Company.

Transfer:

No prior written consent of the Company is required in the case of a whole or partial transfer of the Convertible Bonds to an affiliate of the Subscriber.

With prior written consent of the Company (which should not be unreasonably withheld), the Convertible Bonds in whole or in part may be assigned or transferred subject to the relevant procedures as set out in the Subscription Agreements and further subject to the conditions, approvals, requirements and any other provisions of or under (i) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or their rules and regulations; (ii) the approval for listing in respect of the Conversion Shares; and (iii) all applicable laws and regulations.

Redemption:

Following the occurrence of a Change of Control, the holder of the Convertible Bonds will have the right at such holder's option to require the Company to redeem all of that holder's Convertible Bonds at a redemption price equal to the Redemption Amount in respect of the Convertible Bonds to be redeemed.

Conversion:

Holder(s) of the Convertible Bonds shall have the right, on any Business Day after the date of the issue of the Convertible Bonds until and including the seventh Business Day immediately preceding the Maturity Date, to convert the whole or part of the outstanding principal amount of Convertible Bonds (in an amount or integral multiple of US\$100,000) into Shares at any time and from time to time by giving the Company the conversion notice.

LETTER FROM THE BOARD

Conversion price: HK\$0.174 per Conversion Share, subject to adjustment specified below. The conversion price was determined through arm's length negotiation with reference to the closing price of the Shares on the Stock Exchange as at the date of the Subscription Agreement, which was HK\$0.174 per Share. The Directors consider that such initial Conversion Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Conversion Price:

- (i) is equal to the closing price of HK\$0.174 per Share as quoted on the Stock Exchange on 18 May 2018, being the date of the Subscription Agreement;
- (ii) represents a discount of approximately 0.91% to the average closing price of HK\$0.1756 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to 18 May 2018.

Adjustment to Conversion Price: The Conversion Price will be subject to adjustment in the following events:

- (a) an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification;
- (b) issue of Shares by the Company credited as fully paid by way of capitalization of profits or reserves;
- (c) payment of any distribution, including distribution of assets in species, cash dividend or distribution exceeding the threshold as stipulated under the terms and conditions of the Convertible Bonds, to Shareholders;
- (d) issue of, or grant of options, warrants or other rights to subscribe for, Shares by the Company to all or substantially all Shareholders as a class by way of rights, at less than 90% of the market price of the Shares;

LETTER FROM THE BOARD

- (e) issue of, or grant of options, warrants or other rights to subscribe for, any other securities (other than those as described in sub-paragraph (d) above) by the Company to all or substantially all Shareholders as a class by way of rights;
- (f) issue of, or grant of options, warrants or other rights to subscribe for, Shares (other than those as described in sub-paragraph (d) above) at less than 90% of the market price of the Shares;
- (g) if the Company or any of its subsidiaries issue any securities (otherwise than as those mentioned in sub-paragraphs (d), (e) and (f) above) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 90% of the market price of the Shares;
- (h) modification of the rights of conversion, exchange or subscription attaching to any securities as described in (g) above such that the consideration per Share is reduced to less than 90% of the market price of the Shares;
- (i) if the Company or any of its subsidiaries issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the conversion price falls to be adjusted in the circumstances as mentioned in sub-paragraphs (b), (c), (d), (e), (f) or (h) above);
- (j) such other events as determined by the Company or Bondholder, in which case a merchant bank will be jointly selected by the Company and the Bondholder to determine the adjustment (if any) is fair and reasonable to take account of such event.

Conversion Shares:

Up to a maximum of 451,137,931 Shares (based on the initial Conversion Price of HK\$0.174 per Share)

LETTER FROM THE BOARD

Ranking of the Conversion
Shares:

Shares issued upon conversion of the Convertible Bonds shall rank pari passu in all respects with all other existing Shares outstanding at the Conversion Date and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the relevant conversion notice.

Events of default:

Each of the following events is an event of default:

- (a) a default is made by the Company in any payment in respect of the Convertible Bonds, after 5 business days after the same shall become due;
- (b) any failure by the Company to deliver Shares after such Shares are required to be delivered following conversion of Convertible Bonds;
- (c) the Company breaches any of the covenants, representations and warranties in the Subscription Agreement and Security Documents, which is incapable of remedy or, if capable of remedy, is not remedied within 30 days after notice of such breach or default is sent from the Bondholder to the Company;
- (d) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company or its subsidiaries;
- (e) the Company or any of its major subsidiaries becomes insolvent or is unable to pay its debts as they mature or applies for or consents to the appointment of any administrator, liquidator or receiver of the whole or any material part of its undertaking, property, assets or revenues or enters into a general assignment or compromise with or for the benefit of its creditors;
- (f) an order is made or an effective resolution passed for winding-up of the Company or any of its subsidiaries;

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

Voting:	Holder(s) of the Convertible Bonds shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being a Bondholder.
Security:	The obligations of the Company in respect of the Convertible Bonds are secured by the Future Energy Share Charge and the Comtec HK Share Charge.
Listing:	No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

LETTER FROM THE BOARD

Use of Proceeds

The Company shall ensure that 80% of the proceeds received from the issuance and sale of the Convertible Bonds will be deposited into the Controlled Accounts until they are used by the Company or its subsidiary for (i) equity contribution in Future Energy; and/or (ii) financing other downstream solar projects as approved by the Subscriber in writing from time to time, unless otherwise approved by the Subscriber in writing.

(4) Conditions precedent

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

- (a) the passing of the necessary resolution(s) of the Board required under the Articles, applicable law or the Listing Rules to approve the Company's entry into the Subscription Agreement and the transactions contemplated under it;
- (b) the passing of necessary resolutions of the board of the chargors concerned in the Security Documents to approve the entering into the Security Documents by such entity;
- (c) the passing of the necessary resolution(s) by of the Shareholders required under the Articles, applicable law or the Listing Rules to approve: (i) the Company's entry into the Subscription Agreement and the transactions contemplated under it; and (ii) the Specific Mandate;
- (d) the Listing Committee of the Stock Exchange having approved (and not having withdrawn such approval) the listing of, and granted permission to deal in, the Conversion Shares;
- (e) the Company having obtained all other necessary regulatory approvals, permissions, consents and/or waivers required under the Articles, applicable law and the Listing Rules for: (i) for the issue of the Convertible Bonds; and (ii) the allotment, issue and listing of the Conversion Shares;
- (f) signed, valid instruction to Hang Seng Bank Limited adding a signatory designated by the Subscriber as a joint signatory for the Controlled Accounts;
- (g) each of the Future Energy Share Charge, the Comtec HK Share Charge and the Certificate having been executed and delivered by each party thereto (other than the Subscriber);
- (h) the Subscriber having received from Comtec Renewable Energy the documents required under the Future Energy Share Charge;
- (i) the Subscriber having received from Comtec Solar Cayman the documents required under the Comtec HK Share Charge;

LETTER FROM THE BOARD

- (j) there had not been any condition, circumstance or change that has a material adverse effect on the business, assets, liabilities, financial condition, property or results of operations of the Company and its subsidiaries as a whole; and
- (k) the Company's warranties as set out in the Subscription Agreement remaining true and accurate in all material respects and not misleading in any material respect as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date.

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

The Company confirms that conditions (a), (c), (d) and (e) are incapable of being waived. As at the Latest Practicable Date, conditions (a) and (f) have been satisfied and all other conditions have not been satisfied nor waived.

(5) Completion

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

The aggregate subscription price of US\$10 million for the Convertible Bonds shall be settled by the Subscriber in US dollars by way of a wire transfer in immediately available funds to the bank account designated by the Company (or such other form and/or in such other manner as the parties may agree in writing) upon Completion.

(6) Undertakings

The Subscriber undertakes to the Company, amongst others, that it shall not convert any Convertible Bonds if such conversion will cause the public float of the Company to fall below the minimum public float requirement under the Listing Rules.

The Company undertakes that it shall, from the date of issue and for so long as any Convertible Bonds are outstanding, ensure and procure that (a) Comtec Solar HK shall not issue, offer, sell, create security interest over, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling any persons to purchase any interest in, the shares of Shanghai Comtec and Jiangsu Comtec without the Bondholder's prior written consent; (b) the consolidated total indebtedness of each of Shanghai Comtec and Jiangsu Comtec shall not exceed RMB179,000,000 at all time; and (c) neither Shanghai Comtec nor Jiangsu Comtec shall dispose of any real properties without the Bondholder's prior written consent. Consolidated total indebtedness and consolidated total asset shall be measured with reference to the consolidated financial information of the entity concerned prepared in accordance with the generally accepted accounting principles applicable to the entity concerned. Each of Shanghai Comtec and Jiangsu Comtec is a wholly-owned subsidiary of Comtec Solar HK.

LETTER FROM THE BOARD

REASONS FOR THE ISSUE OF CONVERTIBLE BONDS

The Directors consider that the issue of the Convertible Bonds represents an opportunity (i) to establish strategic cooperation relationship with the Subscriber and/or its subsidiaries; (ii) to improve the cash flow of the Company. The Company believes with the Subscriber's network in the investment community, the Subscriber will be able to introduce the Company to other institutional investors and to refer potential opportunities of rooftop projects to the Group.

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

USE OF PROCEEDS

The net proceeds from the issue of the Convertible Bonds are expected to amount to approximately US\$9.9 million, 80% of which will be used for providing funding for Future Energy and other downstream solar projects of the Group, and 20% of which will be used as general working capital.

Reference is made to the announcements (the “**FEC Announcements**”) of the Company dated 18 September 2017, 19 September 2017 and 19 December 2017 in relation to the establishment of a co-investment vehicle with Macquarie Corporate Holdings Pty Limited (“**Macquarie**”). Pursuant to the shareholders' agreement as disclosed in the FEC Announcements, Future Energy has been incorporated as company with limited liability under the laws of the British Virgin Islands. It is owned as to 50% by Comtec Renewable Energy Group Limited (“**Comtec Renewable Energy**”), a wholly-owned subsidiary of the Company, and as to 50% by Macquarie, and is the co-investment vehicle referred to in the FEC Announcements. As disclosed in the FEC Announcements, each of Comtec Renewable Energy and Macquarie has committed to subscribe for shares in Future Energy for up to US\$5 million under the relevant shareholders' agreement. Future Energy is primarily engaged in downstream solar project development in the PRC. As at the Latest Practicable Date, Future Energy, through its wholly-owned subsidiaries established in the PRC, has invested in a solar project with a capacity of 2MW. The Company expects that the projects undertaken by Future Energy for the year ending 31 December 2018 would have capacity of over 30MW in aggregate.

Based on the net proceeds from the subscription of US\$9.9 million (approximately HK\$77,713,020) the net conversion price, assuming all Conversion Shares are fully converted, will be approximately HK\$0.172 per Conversion Share.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE

Shareholders	As at the date of this circular		Immediately after issue of the Conversion	
	<i>Number of shares beneficially owned</i>	<i>Approx %</i>	<i>Number of shares beneficially owned</i>	<i>Approx %</i>
Mr. John Yi Zhang (<i>Note 1</i>)	624,283,550	29.76	624,283,550	24.49
Mr. Zhang Zhen (<i>Note 2</i>)	107,627,076	5.13	107,627,076	4.22
Subscriber	—	—	451,137,931	17.70
Public				
Existing public Shareholders	<u>1,365,792,954</u>	<u>65.11</u>	<u>1,365,792,954</u>	<u>53.59</u>
Total	<u>2,097,703,580</u>	<u>100.00</u>	<u>2,548,841,511</u>	<u>100.00</u>

Notes:

- Mr. John Yi Zhang is a Director. Fonty Holdings Limited, which is 100% beneficially owned by Mr. Zhang, holds 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.
- Mr. Zhang Zhen is a Director. The 107,627,076 Shares in which Mr. Zhang Zhen is deemed to be interested represent Shares held by a company which is wholly-owned by Mr. Zhang Zhen.

Based on the initial Conversion Price of HK\$0.174 per Conversion Share and assuming full conversion of the Convertible Bonds at the initial Conversion Price under the Subscription Agreement, the Convertible Bonds will be convertible into 451,137,931 Conversion Shares, representing approximately 21.51% of the issued share capital of the Company as at the Latest Practicable Date and approximately 17.70% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

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

LETTER FROM THE BOARD

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

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

INFORMATION ABOUT THE COMPANY

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

INFORMATION ABOUT THE SUBSCRIBER

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

SPECIFIC MANDATE

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

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

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 Friday, 27 July 2018 is set out on pages 18 to 20 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 would be required to abstain from voting at the EGM pursuant to the Listing Rules. 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 enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, 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 Tuesday, 24 July 2018 to Friday, 27 July 2018, 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 EGM, 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 Monday, 23 July 2018.

RESPONSIBLE 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.

RECOMMENDATION

On the basis of the information set out in this circular, the Directors consider that the issue of the Convertible Bonds is 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 the granting of the Special Mandate, approving the Subscription Agreement and transactions contemplated thereunder to be proposed at the EGM as set out in the notice of the EGM at the end of this circular.

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

NOTICE OF EGM



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 EGM

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 Friday, 27 July 2018 to consider and, if thought fit, passing, with or without modifications, the following resolutions of the Company (unless otherwise indicated, capitalised terms used in this notice shall have the same meaning as defined in the circular of the Company dated 9 July 2018).

ORDINARY RESOLUTIONS

“THAT

- (a) the conditional Subscription Agreement entered between the Company and the Subscriber pursuant to which the Company has agreed to issue and the Subscriber has agreed to subscribe for the Convertible Bonds, which are convertible bonds due 2021, in the aggregate principal amount of US\$10,000,000, convertible into fully paid ordinary shares of HK\$0.001 each in the capital of the Company, together with the terms and conditions thereof and transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the issue of the Convertible Bonds in accordance with the terms and conditions of the Subscription Agreement and the transactions contemplated thereunder be and are hereby approved;
- (c) the Directors be and are hereby granted a specific mandate (“**Specific Mandate**”) to exercise the powers of the Company to allot and issue up to 451,137,931 Conversion Shares initially (subject to adjustment to the Conversion Price) to the relevant Bondholder(s) which may fall to be allotted and issued upon the conversion of the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds the Subscription Agreement and the articles of association of the Company, and that the Conversion Shares shall, when issued upon conversion shall rank pari passu in all respects with all other existing Shares outstanding at the Conversion Date and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the conversion notice; and

NOTICE OF EGM

- (d) any one director of the Company be and is hereby authorised to do all such things and acts as he may in his discretion consider as necessary, expedient or desirable for the purpose of or in connection with the implementation of the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the execution all such documents under seal where applicable, as he/she considers necessary or expedient in his opinion to implement and/or give effect to the issue of the Convertible Bonds, and the allotment and issue of Conversion Shares of which may fall to be issued upon exercise of the subscription rights attaching to the Convertible Bonds.”

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

Hong Kong, 9 July 2018

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

Registered office:

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

Principal place of business in Hong Kong:

Suite 33
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.

NOTICE OF EGM

3. 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.
4. 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.
5. The transfer books and register of members of the Company will be closed from Tuesday, 24 July 2018 to Friday, 27 July 2018, 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 EGM, 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 Monday, 23 July 2018.