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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)

DISCLOSEABLE TRANSACTION
DISPOSAL OF 9.9% EQUITY INTEREST IN KEXIN

THE DISPOSAL

The Board is pleased to announce that on 17 June 2019, Comtec Windpark Renewable (the “**Vendor**”), a wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with The9 and 1111 (together, the “**Purchaser**”), pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Target Shares, representing the entire issued share capital of Comtec Solar China (the “**Target Company**”), at a consideration of RMB9.8 million (the “**Consideration**”), which shall be satisfied by the allotment and issue of 3,444,882 Class A ordinary shares in the capital of The9 to the Seller at the issue price of approximately US\$0.41 per ordinary share, free and clear of all encumbrances and credited as fully paid (the “**Consideration Shares**” and each a “**Consideration Share**”).

The Consideration Shares represent (i) approximately 2.6% of the existing issued share capital of the Purchaser as at the date of the Share Purchase Agreement; and (ii) approximately 2.5% of the issued share capital of the Purchaser as enlarged by the allotment and issue of the Consideration Shares immediately after Completion (assuming there is no change in the issued share capital of the Purchaser from the date of the Share Purchase Agreement and up to the Completion).

As at the date of this announcement, the Target Company is a wholly-owned subsidiary of the Vendor and an indirect wholly-owned subsidiary of the Company, which directly owns 9.9% of the registered capital and equity interest in Kexin. Kexin is a subsidiary of the Group as the Group currently owns a total of 63% equity interests in Kexin. Other than holding the said 9.9% equity interest in Kexin, the Target Company has no other material assets and does not engage in any other business.

Upon Completion, the Group will immediately cease to hold any equity interest in the Target Company and as a result, the Group's total equity interests in Kexin will be reduced to 53.1% and Kexin will remain a subsidiary of the Group.

LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratios of the Disposal exceeds 5% and all of the applicable percentage ratios are less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

As completion of the Share Purchase Agreement is subject to the fulfilment (or where applicable, waiver) of the Conditions, the Disposal may or may not proceed. Shareholders and potential investors of the Company are urged to exercise caution when dealing in the shares of the Company.

THE SHARE PURCHASE AGREEMENT

The Board is pleased to announce that on 17 June 2019, the Vendor entered into the Share Purchase Agreement with the Purchaser, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Target Shares, which shall represent the entire issued share capital of the Target Company.

Set out below is a summary of the principal terms of the Share Purchase Agreement.

Date:

17 June 2019

Parties:

Vendor: Comtec Windpark Renewable, a wholly-owned subsidiary of the Company and owns the entire issued share capital of the Target Company

Purchaser: The9 and 1111

The9 is an exempted company with limited liability incorporated under the laws of the Cayman Islands which has American depositary shares listed on the under trading symbol "NCTY".

1111, a wholly-owned subsidiary of The9, is a company incorporated under the laws of Hong Kong.

Assets to be disposed of

Pursuant to the Share Purchase Agreement, the Vendor has conditionally agreed to transfer the Target Shares to 1111 in exchange for the Consideration, which shall be satisfied by the issue and allotment of the Consideration Shares by The9 to the Seller or such directly or

indirectly wholly-owned subsidiary of the Company, at the issue price of US\$0.41 per Consideration Share. The Target Shares represent the entire issued share capital of the Target Company, which owns 9.9% of the registered capital and equity interest in Kexin.

Details of the Target Company and Kexin are set out in the sections headed “Information about the Target Company” and “Information about Kexin”, respectively.

Consideration

The Consideration of the Target Shares is RMB9.8 million, which shall be satisfied by the allotment and issue of the Consideration Shares.

The Consideration was determined after arm’s length negotiations between the Vendor and the Purchaser with reference to the implied valuation of Kexin based on the subscription price in the Previous Kexin Transaction of approximately RMB44.44 million and the growth rate in the valuation of Kexin for the period between the Group’s acquisition of Kexin’s equity interest as disclosed in the announcement of the Company dated 25 May 2017 and the Previous Kexin Transaction of approximately 122%. The issue price of the Consideration Shares is determined based on the prevailing market price of The9 American Depositary Shares (as detailed below).

Consideration Shares

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Consideration Shares represent (i) approximately 2.6% of the existing issued share capital of the Purchaser as at the date of the Share Purchase Agreement; and (ii) approximately 2.5% of the issued share capital of the Purchaser as enlarged by the allotment and issue of the Consideration Shares immediately after Completion (assuming there is no change in the issued share capital of the Purchaser from the date of the Share Purchase Agreement and up to the Completion).

The issue price of US\$0.41 per Consideration Share represents, and was determined after arm’s negotiations with reference to, the average of the closing prices per The9 American Depositary Share as quoted on the Nasdaq divided by three (or such other ratio between one The9 American Depositary Share and the number of ordinary shares in The9 that it represents in effect on the respective trading day(s)) for the 5 consecutive trading days immediately preceding the date of the Share Purchase Agreement.

The Consideration Shares shall be allotted and issued on Completion, free and clear of all encumbrances, credited as fully paid, and together with all rights attaching to the Consideration Shares including the right to receive all dividends and other distributions which may be declared, made or paid in respect of the Consideration Shares, the record date for which falls on or after the date of Completion.

The Consideration Shares will not be registered under the Securities Act or under the securities laws of any other jurisdiction and are not tradeable on Nasdaq. The Purchaser undertakes to use reasonable efforts to facilitate the conversion of the Consideration Shares into The9 American Depositary Shares in accordance with conversion procedures of the

Depository in respect of American depository shares and applicable laws, as soon as practicable after Completion. The Consideration Shares, after such conversion into The9 American Depositary Shares, will be tradable on Nasdaq.

Conditions Precedent

The completion of the Share Purchase Agreement is conditional upon the fulfilment or waiver of the Conditions:

- (a) all requisite consents, clearances, authorisations and approvals in connection with the entering into and the performance of the Share Purchase Agreement and the transactions contemplated thereunder having been obtained by the parties thereto;
- (b) the consummation of the transactions contemplated pursuant to the Share Purchase Agreement not having been restrained, enjoined or otherwise prohibited by any applicable laws and regulations, including any order, injunction, decree or judgment of any court or other governmental authority;
- (c) there not having been any pending or overtly threatened by or before any governmental authority any Proceeding that seeks to prevent the consummation of the transactions contemplated pursuant to the Share Purchase Agreement;
- (d) the warranties given by each of the Vendor and the Purchaser set out in the Share Purchase Agreement remaining true and accurate in all respects and not misleading;
- (e) all agreements, covenants, obligations and conditions contained in the Share Purchase Agreement that are required to be performed or complied by the each of the Vendor and the Purchaser at or prior to Completion having been performed or complied by the Vendor or the Purchaser (as applicable);
- (f) there not having occurred any material adverse effect of the Purchaser, the Seller, the Target Company or Kexin;
- (g) each of the agreements and documents required by the Share Purchase Agreement to be delivered by the Purchaser at Closing having been received by the Seller; and
- (h) each of the agreements and documents required by the Share Purchase Agreement to be delivered by the Seller at Closing having been received by the Purchaser.

Completion

Completion shall take place on the third Business Day after the last outstanding Condition (other than those Condition(s) which can only be fulfilled upon Completion) shall have been fulfilled or waived (or such other date as the Vendor and the Purchaser shall agree in writing).

Upon Completion, the Group will immediately cease to hold any equity interest in the Target Company and as a result, the Group's total equity interests in Kexin will be reduced to 53.1% and Kexin will remain a subsidiary of the Group.

As completion of the Share Purchase Agreement is subject to the fulfilment (or where applicable, waiver) of the Conditions, the Disposal may or may not proceed. Shareholders and potential investors of the Company are urged to exercise caution when dealing in the shares of the Company.

REASONS FOR AND BENEFITS FOR THE PROPOSED DISPOSALS

By introducing The9 as a strategic shareholder of Kexin, the business of Kexin can benefit from The9's commitment to invest in electric vehicle business. Kexin has not entered into any business agreement with The9 yet, and will, where appropriate, make announcements separately regarding any future collaboration and, where appropriate, comply with the requirements under the Listing Rules in this regard. Having another Nasdaq-listed company as a strategic shareholder would also improve the corporate image of Kexin to obtain support from customers and local government. In addition, the proposed disposals would strengthen the financial position of the Group after its sale of the Consideration Shares in market.

It is expected that a gain on disposal of approximately RMB6.6 million will accrue from the Disposal, if it is completed. Such expected gain represents the differences between consideration amount of approximately RMB9.8 million and the costs of our investment in 9.9% equity interest of Kexin of approximately RMB3.2 million. The Company intends to utilize the proceeds from the Disposal as working capital for operations of the Group. Kexin will remain a subsidiary of the Company after completion of the Disposal.

INFORMATION ABOUT THE PARTIES

Information about the Group

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

Information about the Target Company and Kexin

The Target Company is a company incorporated in Hong Kong with limited liability on 4 December 2013. As at the date of this Announcement, the Target Company is directly wholly-owned by the Vendor and indirectly wholly-owned by the Company, which owns 9.9% of the registered capital and equity interest in Kexin. Other than holding the said 9.9% equity interest in Kexin, the Target Company has no other material assets and does not engage in any other business.

Kexin is a company incorporated under the laws of the PRC. As of the date of this announcement, Kexin is a subsidiary of the Company as the Company indirectly owns 63% equity interests in Kexin in aggregate, of which 9.9% is directly owned by the Target Company and 53.1% is directly owned by another wholly-owned subsidiary of the Company.

Kexin is principally engaged in the research and development, design, integration and sales of lithium battery management systems and lithium battery systems for electric vehicles (including electric cars, electric motors and electric bicycles) to electric vehicle manufacturers and for power storage systems to lithium battery manufacturers and to power storage companies.

As at 31 December 2018, the unaudited net assets of Kexin was RMB4.5 million. Set out below is a summary of the unaudited net profits before and after taxation of Kexin for each of the financial years ended 31 December 2017 and 2018:

	For the year ended	
	31 December	31 December
	2017	2018
	<i>RMB</i>	<i>RMB</i>
	(unaudited)	(unaudited)
Net profit/(loss) before tax	(950,000)	(4,620,000)
Net profit/(loss) after tax	(950,000)	(4,620,000)

Information about the Purchaser

The9 is an exempted company with limited liability incorporated under the laws of the Cayman Islands which has American depositary shares listed on the under trading symbol “NCTY”. The9 is principally engaged in the development and operation of online games and Internet and website related businesses in the PRC.

1111 Limited, a company incorporated under the Hong Kong laws, is a wholly-owned subsidiary of The9.

Mr. Chau Kwok Keung, an executive director of the Company, the chief financial officer of the Group and the company secretary of the Company, owns 300,000 ordinary shares in the capital of The9, representing approximately 0.22 % of total issued share capital of The9. Mr. Chau Kwok Keung is also an independent non-executive director of The9.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is an Independent Third Party.

LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratios of the Disposal exceeds 5% and all of the applicable percentage ratios are less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

DEFINITIONS

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

“1111”	1111 Limited, a company incorporated under the Hong Kong laws
“Board”	the board of Directors
“Business Day”	any day that is not a Saturday, a Sunday, legal holiday or other day on which banks are required or authorized by Law to be closed in the PRC, the British Virgin Islands, the Cayman Islands, New York or Hong Kong
“Completion”	Completion of the Disposal
“Comtec Solar China”	Comtec Solar (China) Investment Holding Ltd, a company incorporated under the laws of Hong Kong
“Comtec Windpark Renewable”	Comtec Windpark Renewable (Holdings) Co Ltd, a company incorporated under the laws of the British Virgin Islands
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Depository”	The Bank of New York Mellon, the depository of The9 American Depositary Shares
“Directors”	the director(s) of the Company
“Disposal”	the disposal of the Target Shares by the Vendor to the Purchaser pursuant to the terms and conditions of the Share Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region
“Independent Third Party”	person or company who or which is not a connected person of the Company
“Kexin”	Zhejiang Kexin Power System Design and Research Company Limited (鎮江科信動力系統設計研究有限公司), a company incorporated under the laws of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange
“Nasdaq”	Nasdaq Global Market

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Administrative Region of the People’s Republic of China and Taiwan
“Proceeding”	any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Authority or any arbitrator or arbitration panel
“RMB”	Renminbi, the lawful currency of the PRC
“Share Purchase Agreement”	the share purchase agreement dated 17 June 2019 entered into between the Vendor and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Shares”	two (2) ordinary shares of the Target Company, representing the entire issued share capital of the Target Company
“The9”	The9 Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands which has American depositary shares listed on the under trading symbol “NCTY”
“The9 American Depositary Shares”	the American depositary shares, each representing three Class A ordinary shares, par value US\$0.01 per share, in the capital of The9
“US\$”	United State dollars, the lawful currency of the United States
“%”	per cent

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

Shanghai, the People’s Republic of China, 17 June 2019

As of the date of this announcement, the executive directors are Mr. John Yi Zhang, Mr. Zhang Zhen and Mr. Chau Kwok Keung, the non-executive director is Mr. Wang Yixin, and the independent non-executive directors are Mr. Leung Ming Shu, Mr. Kang Sun and Mr. Xu Erming.