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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)

**SUBSCRIPTIONS OF NEW SHARES
UNDER THE GENERAL MANDATE**

THE SUBSCRIPTIONS

On 19 June 2019 (after trading hours), the Company entered into:

- (i) the First Subscription Agreement with the First Subscriber, an independent third party, pursuant to which the Company has conditionally agreed to allot and issue, and the First Subscriber has conditionally agreed to subscribe, at a subscription price of HK\$0.055 per First Subscription Share, 72,727,273 First Subscription Shares, representing (i) approximately 3.47% of the existing issued share capital of the Company, (ii) approximately 3.35% of the issued share capital of the Company as enlarged by the First Subscription, and (iii) approximately 3.24% of the issued share capital of the Company as enlarged by the Subscriptions; and
- (ii) the Second Subscription Agreement with the Second Subscriber, an independent third party, pursuant to which the Company has conditionally agreed to allot and issue, and the Second Subscriber has conditionally agreed to subscribe, at a subscription price of HK\$0.055 per Second Subscription Share, 72,727,273 Second Subscription Shares, representing (i) approximately 3.47% of the existing issued share capital of the Company, (ii) approximately 3.35% of the issued share capital of the Company as enlarged by the Second Subscription, and (iii) approximately 3.24% of the issued share capital of the Company as enlarged by the Subscriptions.

The First Subscription is not conditional upon the Second Subscription, and the Second Subscription is not conditional upon the First Subscription, and the Completion of the First Subscription and the Second Subscription are not inter-conditional upon each other.

Completions of the Subscriptions shall be conditional on (i) there shall not have occurred any material breach of any representation, warranty or undertaking given by the Company in the Subscription Agreements (or any such representation, warranty or undertaking is otherwise rendered inaccurate, untrue or misleading in any material respect) at and as of the date of Completion; (ii) satisfaction and compliance with the applicable requirements under the Listing Rules regarding the Subscriptions; (iii) the Listing Committee granting the listing of and permission to deal in the Subscription Shares on the Stock Exchange (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares under the Subscription Agreements); and (iv) each party to the Subscription Agreements having obtained all consents or approvals required for the entering into or the implementation or completions of the Subscription Agreements or for the performance of their respective obligations thereunder, including but not limited to the consents or approvals of the respective shareholders or directors of the parties to the Subscription Agreements, the Stock Exchange and any regulatory authorities (if applicable).

GENERAL

The total net proceeds from the Subscriptions (after deducting related professional fees and related expenses) are expected to be approximately HK\$7.8 million, of which approximately HK\$3.9 million are expected to be from the First Subscription and approximately HK\$3.9 million are expected to be from the Second Subscription.

The Subscription Shares will be allotted and issued under the General Mandate and the Subscriptions are not subject to the approval by the Shareholders.

As the Completions of the Subscriptions are subject to the satisfaction of the Conditions Precedent under the Subscription Agreements and the Subscriptions may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

On 19 June 2019 (after trading hours), the Company entered into:

- (i) the First Subscription Agreement with the First Subscriber, an independent third party, pursuant to which the Company has conditionally agreed to allot and issue, and the First Subscriber has conditionally agreed to subscribe, at a subscription price of HK\$0.055 per First Subscription Share, 72,727,273 First Subscription Shares, representing (i) approximately 3.47% of the existing issued share capital of the Company, (ii) approximately 3.35% of the issued share capital of the Company as enlarged by the First Subscription and (iii) approximately 3.24% of the issued share capital of the Company as enlarged by the Subscriptions; and

- (ii) the Second Subscription Agreement with the Second Subscriber, an independent third party, pursuant to which the Company has conditionally agreed to allot and issue, and the Second Subscriber has conditionally agreed to subscribe, at a subscription price of HK\$0.055 per Second Subscription Share, 72,727,273 Second Subscription Shares, representing (i) approximately 3.47% of the existing issued share capital of the Company, (ii) approximately 3.35% of the issued share capital of the Company as enlarged by the Second Subscription, and (iii) approximately 3.24% of the issued share capital of the Company as enlarged by the Subscriptions.

THE SUBSCRIPTION AGREEMENTS

Unless otherwise stated, the particulars and terms of the Subscription Agreements set out below reflect the respective particular and terms of each of the Subscription Agreements.

Date

19 June 2019 (after trading hours)

Parties

Parties to the First Subscription Agreement

Issuer: the Company

Subscriber: the First Subscriber, an independent third party

Parties to the Second Subscription Agreement

Issuer: the Company

Subscriber: the Second Subscriber, an independent third party

Subscription Shares

The First Subscriber will subscribe for 72,727,273 First Subscription Shares, representing (i) approximately 3.47% of the existing issued share capital of the Company, (ii) approximately 3.35% of the issued share capital of the Company as enlarged by the First Subscription, and (iii) approximately 3.24% of the issued share capital of the Company as enlarged by the Subscriptions.

The Second Subscriber will subscribe for 72,727,273 Second Subscription Shares, representing (i) approximately 3.47% of the existing issued share capital of the Company, (ii) approximately 3.35% of the issued share capital of the Company as enlarged by the Second Subscription, and (iii) approximately 3.24% of the issued share capital of the Company as enlarged by the Subscriptions.

Subscription Price

The subscription price for the Subscriptions is HK\$0.055 per Share, which was arrived at after arm's length negotiation between the Company and the First Subscriber and the Second Subscriber, respectively, with reference to the prevailing market price of the Company's Shares.

The price for the Subscriptions represents:

- (i) a discount of approximately 18% to the closing price of HK\$0.067 per Share as quoted on the Stock Exchange on 19 June 2019, being the last trading day before the date of the First Subscription Agreement;
- (ii) a discount of approximately 19% to the average closing price of HK\$0.068 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to 19 June 2019; and
- (iii) a discount of approximately 20% to the average closing price of HK\$0.069 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to 19 June 2019.

The Directors are of the opinion that the subscription price for the Subscriptions is fair and reasonable and is in the best interest of the Company and the Shareholders as a whole.

Ranking of the Subscription Shares

The Subscription Shares will, when fully paid, rank *pari passu* in all respects with the existing issued Shares of the Company upon issuance.

Conditions Precedent of the Subscriptions

Completion of the Subscriptions shall be conditional on:

- (i) there shall not have occurred any material breach of any representation, warranty or undertaking given by the Company in the Subscription Agreements (or any such representation, warranty or undertaking is otherwise rendered inaccurate, untrue or misleading in any material respect) at and as of the date of Completion;
- (ii) satisfaction and compliance with the applicable requirements under the Listing Rules regarding the Subscription;
- (iii) the Listing Committee granting the listing of and permission to deal in the Subscription Shares on the Stock Exchange (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares under the Subscription Agreements); and
- (iv) each party to the Subscription Agreements having obtained all consents or approvals required for the entering into or the implementation or completion of the Subscription Agreements or for the performance of their respective obligations thereunder, including

but not limited to the consents or approvals of the respective shareholders or directors of the parties to the Subscription Agreements, the Stock Exchange and any regulatory authorities (if applicable).

Lock-up

The Subscription Shares are freely transferable and not subject to any lock-up.

Completion of the Subscriptions

Completion of the Subscriptions will take place on the first Business Day after the date upon which the last of the Conditions Precedent to be satisfied shall have been so satisfied. If the Completion does not take place on or before 90 days from the date of the Subscription Agreements or such later date as may be agreed between the Company and the Subscribers, the obligations and liabilities of the Subscribers and the Company under the Subscription Agreements shall be null and void and none of the Company or the Subscriber shall have any claim against the other party for costs, damages, compensation or otherwise, except for any antecedent breach of any obligation under the Subscription Agreements.

Termination

The Subscribers may by notice in writing to the Company elect to proceed to Completion or terminate the Subscription Agreements, if at any time prior to 8:30 a.m. (Hong Kong time) on the date of Completion, there develops, occurs or comes into force:

- (i) any material adverse change to the Group taken as a whole;
- (ii) any new law or regulation in existing laws or regulations in any relevant jurisdiction which prohibits the completion of the transactions contemplated by the Subscription Agreements;
- (iii) material breach of any of the Company's representations, warranties and undertakings as set out in the Subscription Agreements as given on the date of the Subscription Agreements, or any event occurs which would constitute a material breach of any of such representations, warranties and undertakings as if the Company's representations, warranties and undertakings were repeated on the date of Completion by reference to the facts and circumstances then existing; or
- (iv) material breach by the Company of any provision of the Subscription Agreements.

In the event that the Subscribers terminate the Subscription Agreements in accordance with provisions as set out above, the further rights and obligations of the parties to the Subscription Agreements shall cease immediately on termination, except that clauses relating to costs and taxes, confidentiality, announcement, notices, the governing law and jurisdiction shall survive the termination of the Subscription Agreements and shall continue in full force in effect. Termination does not affect a party's accrued rights and obligations as at the date of termination.

INFORMATION ON 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 ON THE FIRST SUBSCRIBER

The First Subscriber is a company incorporated in Hong Kong and is wholly-owned by Mr. Chu Wah Wai. The First Subscriber is principally engaged in investment holding and Mr. Chu is an experienced investor and mainly focuses on industrial and renewable energy sectors.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the First Subscriber and its ultimate beneficial owner are independent third parties.

INFORMATION ON THE SECOND SUBSCRIBER

The Second Subscriber is an individual resident in Hong Kong, also an experienced investor focused on real estates, technology and renewable energy sectors. As at the date of this announcement, the Second Subscriber owns 4,680,000 ordinary Shares of the Company, representing approximately 0.22% of the issued share capital of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Second Subscriber is an independent third party.

REASONS FOR THE SUBSCRIPTION

In view of the prevailing capital market conditions, the Board believes that the Subscriptions represents a good opportunity for the Company to raise further capital while broadening the shareholder base of the Company.

The Board considers the terms of the Subscription Agreements, which have been negotiated on an arm's length basis on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The net proceeds from the Subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$7.8 million, representing approximately a net subscription price of HK\$0.054 per Share. The Directors intend to use the net proceeds as general working capital of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 18 May 2018 (after trading hours), Putana Limited* and the Company entered into a subscription agreement in respect of the issue of convertible bonds (the “**Convertible Bonds**”) in the aggregate principal amount of US\$10 million due 2021 with interest rate per annum of 10.0%. The conversion price is HK\$0.174 per share for a potential maximum amount of 451,137,931 conversion shares (the “**Conversion Shares**”) to be allotted and issued upon exercise in full of the conversion rights attached to the Convertible Bonds which represent (i) approximately 21.5% of the existing issued share capital of the Company as at the date hereof, and (ii) approximately 17.7% of the issued share capital as enlarged by the issue of the Conversion Shares in full. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges. The net proceeds from the issue of the Convertible Bonds was approximately US\$9.9 million, 80% of which was expected to be used for providing funding for Future Energy Capital and other downstream projects and 20% of which was expected to be used as general working capital. The issue of Convertible Bonds was completed on 27 July 2018. As of this announcement, approximately US\$8 million had been used as funding for Future Energy Capital and other downstream projects and approximately US\$2 million had been used as working capital. Please refer to the announcements of the Company dated 18 May 2018 and the circular of the Company dated 9 July 2018 for further details.

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

EFFECT OF THE SUBSCRIPTION ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company immediately before and after the Subscription is summarised as follows (*Note 1*):

	As at this date of announcement		Immediately after Completions of the Subscriptions	
	No. of Shares	% (approx.)	No. of Shares	% (approx.)
Mr. John Yi Zhang (<i>Note 2</i>)	624,283,550	29.76	624,283,550	27.83
Mr. Zhang Zhen (<i>Note 3</i>)	107,627,076	5.13	107,627,076	4.80
The First Subscriber	0	0	72,727,273	3.24
The Second Subscriber	4,680,000	0.22	77,407,273	3.45
Other public shareholders	<u>1,361,112,954</u>	<u>64.89</u>	<u>1,361,112,954</u>	<u>60.68</u>
Total	<u>2,097,703,580</u>	<u>100.00</u>	<u>2,243,158,126</u>	<u>100.00</u>

Notes:

- (1) The table above assumes no Shares will be issued pursuant to the share option schemes of the Company between the date of this announcement and the completion of the Subscription.
- (2) As at the date of this announcement, Mr. Zhang is the sole shareholder of Fonty and is therefore deemed to be interested in the 576,453,844 Shares held by Fonty. Mr. Zhang is also deemed to be interested in 47,829,706 Shares owned by Zhang Trusts For Descendants as the founder of the trust.

- (3) As at the date of this announcement, Zhang Zhen is the sole shareholder of True Joy Renewable and is therefore deemed to be interested in 107,627,076 Shares held by True Joy Renewable.

The Board considers that the Company can maintain the minimum public float as prescribed by the Listing Rules upon completion of the Subscription.

GENERAL MANDATE

The Subscription Shares will be allotted and issued pursuant to the General Mandate and is not subject to Shareholders' approval. The maximum number of Shares that can be issued under the General Mandate is 419,540,716 new Shares, being 20% of the number of issued Shares as at the date of the annual general meeting of the Company on 30 May 2018. As of the date of this announcement, no Shares have been allotted and issued under the General Mandate. As such, the issue of the Subscription Share the Subscriptions are not subject to the approval by the Shareholders. The General Mandate will be utilized as to approximately 34.7% upon allotment and issue of all the Subscription Shares.

APPLICATIONS FOR LISTING

Applications will be made to the Stock Exchange for the grant of listing of and permission to deal in the Subscription Shares.

As the completion of the Subscriptions are subject to the satisfaction of the Conditions Precedent under the Subscription Agreements and the Subscriptions may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless otherwise stated:

“Board”	the board of the Directors;
“Business Day”	a day other than a Saturday or Sunday on which commercial banks are open for business in Hong Kong;
“Company”	Comtec Solar Systems Group Limited, a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange;
“Completion”	the completion of the Subscriptions on the terms and subject to the conditions set out in the Subscription Agreements;
“Conditions Precedent”	the conditions precedent under the Subscription Agreements set out in the paragraph headed “Conditions Precedent” of this announcement;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;

“First Subscriber”	Sun Winning Limited, a company incorporated in Hong Kong;
“First Subscription”	the subscription of the First Subscription Shares by the First Subscriber pursuant to the terms and conditions of the First Subscription Agreement;
“First Subscription Agreement”	the subscription agreement dated 19 June 2019 entered into between the Company and the First Subscriber;
“First Subscription Shares”	the 72,727,273 shares to be allotted and issued by the Company for subscription by the First Subscriber pursuant to the First Subscription Agreement;
“Fonty”	Fonty Holdings Limited, a company incorporated in the British Virgin Islands with limited liability which is 100% beneficially owned by Mr. Zhang;
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company on 30 May 2018 to allot, issue and deal with up to 419,540,716 new Shares, being 20% of the number of issued Shares as at the date of that annual general meeting;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“independent third party(ies)”	person or company who or which is not a connected person of the Company;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. John Yi Zhang”	Mr. John Yi Zhang, an executive Director, a chairman of the Board and a substantial Shareholder, who is interested in 624,283,550 Shares, representing approximately 29.76 % of the issued share capital of the Company as at the date of this announcement;
“Mr. Zhang Zhen”	Mr. Zhang Zhen, an executive Director and chief executive officer of the Group, who is interested in 107,627,076 Shares, representing approximately 5.13% of the issued share capital of the Company as at the date of this announcement;
“PRC”	the People’s Republic of China;

“Second Subscriber”	Mr. Hong Guorong (洪國榮), an individual resident in Hong Kong, who owns 4,680,000 Shares, representing approximately 0.22% of the issued share capital of the Company as at the date of this announcement;
“Second Subscription”	the subscription of the Second Subscription Shares by the Second Subscriber pursuant to the terms and conditions of the Second Subscription Agreement;
“Second Subscription Agreement”	the subscription agreement dated 19 June 2019 entered into between the Company and the Second Subscriber;
“Second Subscription Shares”	the 72,727,273 shares to be allotted and issued by the Company for subscription by the Second Subscriber pursuant to the Second Subscription Agreement;
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	the First Subscribers and Second Subscribers;
“Subscriptions”	the First Subscription and Second Subscription;
“Subscription Agreements”	the First Subscription Agreement and the Second Subscription Agreement;
“Subscription Price”	HK\$0.055 per Subscription Share;
“Subscription Shares”	the First Subscription Shares and the Second Subscription Shares to be allotted and issued by the Company for subscription by the Subscriber;
“True Joy Renewable”	True Joy Renewable Limited, a company incorporated in the British Virgin Islands with limited liability which is 100% beneficially owned by Mr. Zhang Zhen;
“%”	per cent.

* For identification purpose only.

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

Hong Kong, 19 June 2019

As at the date of this announcement, the executive Directors are Mr. John Yi Zhang, Mr. Zheng 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.