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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 SUBSCRIPTION**

On 31 December 2019 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, an independent third party, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for or procure its nominee to subscribe, at a subscription price of HK\$0.10 per Subscription Share, 104,885,179 Subscription Shares, representing (i) approximately 16.7% of the existing issued share capital of the Company, and (ii) approximately 14.3% of the issued share capital of the Company as enlarged by the Subscription. Pursuant to the Subscription Agreement, the Subscriber may only nominate an independent third party company which is wholly-owned by the Subscriber.

Completion of the Subscription 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 Agreement (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 Agreement); and (iv) each party to the Subscription Agreement having obtained all consents or approvals required for the entering into or the implementation or completion of the Subscription Agreement 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 Agreement, the Stock Exchange and any regulatory authorities (if applicable).

## **GENERAL**

The total net proceeds from the Subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$10.3 million.

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

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

On 31 December 2019 (after the trading hours), the Company entered into the Subscription Agreement with the Subscriber, an independent third party, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for or procure its nominee to subscribe for the Subscription Shares, at a subscription price of HK\$0.10 per Subscription Share. Pursuant to the Subscription Agreement, the Subscriber may only nominate an independent third party company which is wholly-owned by the Subscriber.

## **THE SUBSCRIPTION AGREEMENTS**

### **Date**

31 December 2019 (after the trading hours)

### **Parties**

*Parties to the Subscription Agreement*

Issuer: the Company

Subscriber: the Subscriber, an independent third party

## **Subscription Shares**

The Subscriber will subscribe for 104,885,179 Subscription Shares, representing (i) approximately 16.7% of the existing issued share capital of the Company, and (ii) approximately 14.3% of the issued share capital of the Company as enlarged by the Subscription.

## **Subscription Price**

The subscription price of HK\$0.10 per Share was arrived at after arm's length negotiation between the Company and the Subscriber.

The Subscription Price represents:

- (i) a discount of approximately 15.3% to the closing price of HK\$0.118 per Share as quoted on the Stock Exchange on 31 December 2019, being the date of the Subscription Agreement;
- (ii) a discount of approximately 18.7% to the average closing price of HK\$0.123 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to 31 December 2019; and
- (iii) a discount of approximately 21.3% to the average closing price of HK\$0.127 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to 31 December 2019.

The Directors are of the opinion that the subscription price for the Subscription 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 Subscription**

Completion of the Subscription 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 Agreement (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 Agreement); and
- (iv) each party to the Subscription Agreement having obtained all consents or approvals required for the entering into or the implementation or completion of the Subscription Agreement 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 Agreement, the Stock Exchange and any regulatory authorities (if applicable).

### **Completion of the Subscription**

Completion of the Subscription 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 60 days from the date of the Subscription Agreement (or such later date as may be agreed between the Company and the Subscriber) (the “**Long Stop Date**”), the obligations and liabilities of the Subscriber and the Company under the Subscription Agreement 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 Agreement.

The Company intends to, and, to the best knowledge of the Company, the Subscriber would like to complete the Subscription as soon as practicable. However, taking into account that the Subscriber is an individual resident in the PRC who does not have any bank account in Hong Kong as of the date of this announcement, the Long Stop Date was fixed to be a date which occurs on or before 60 days from the date of the Subscription Agreement in order to allow sufficient time for the Subscriber to arrange for transfer of funds to Hong Kong to pay for the Subscription (including obtaining the approval of the State Administration of Foreign Exchange of the PRC). The Directors are of the view that it is in the interest of the Company to enter into the Subscription Agreement at present time in order to seize this fund raising opportunity in a timely manner.

### **Lock-up**

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

### **Termination**

The Subscriber may by notice in writing to the Company elect to proceed to Completion or terminate the Subscription Agreement, 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 Agreement;

- (iii) material breach of any of the Company's representations, warranties and undertakings as set out in the Subscription Agreement as given on the date of the Subscription Agreement, 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 Agreement.

In the event that the Subscriber terminates the Subscription Agreement in accordance with provisions as set out above, the further rights and obligations of the parties to the Subscription Agreement 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 Agreement 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 SUBSCRIBER**

The Subscriber is an individual resident in the PRC, and an experienced investor mainly focused on infrastructure, new energy, environmental protection and technology sectors.

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

### **REASONS FOR THE SUBSCRIPTION**

In view of the prevailing capital market conditions, the Board believes that the Subscription 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 Agreement, including the Long Stop Date, 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\$10.3 million, representing approximately a net subscription price of HK\$0.098 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 19 June, 2019 (after trading hours), the Company entered into: (i) a subscription agreement with Sun Winning Limited, pursuant to which the Company has conditionally agreed to allot and issue 72,727,273 Unconsolidated Shares at a subscription price of HK\$0.055 per Unconsolidated Share to Sun Winning Limited; and (ii) a subscription agreement with Mr. Hung Kwok Wing (洪國榮)\*, pursuant to which the Company has conditionally agreed to allot and issue 72,727,273 Unconsolidated Shares at a subscription price of HK\$0.055 per Unconsolidated Share to Mr. Hung Kwok Wing (洪國榮)\* (together, the “**19 June Subscriptions**”). The 19 June Subscriptions were completed on 17 July 2019. As at the date of this announcement, the net proceeds of approximately HK\$7.8 million has been used as general working capital of the Group.

On 20 June, 2019 (after trading hours), the Company entered into: (i) a subscription agreement with Mr. Dai Ji (戴驥)\*, pursuant to which the Company has conditionally agreed to allot and issue 270,000,000 Unconsolidated Shares at a subscription price of HK\$0.055 per Unconsolidated Share to Dai Ji (戴驥) (the “**20 June Subscription**”). The 20 June Subscription was completed on 19 August 2019. As at the date of this announcement, the net proceeds of approximately HK\$14.65 million has been used for the Group’s development, construction and investment of the downstream projects.

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 Completion of the Subscription	
	No. of Shares	% (approx.)	No. of Shares	% (approx.)
Mr. John Yi Zhang (“ <b>Mr. Zhang</b> ”) ( <i>Note 2</i> )	156,070,887	24.8	156,070,887	21.3
Mr. Zhang Zhen ( <i>Note 3</i> )	26,906,769	4.3	26,906,769	3.7
Mr. Dai Ji	67,500,000	10.7	67,500,000	9.2
The Subscriber	0	0.0	104,885,179	14.3
Public shareholders	<u>377,811,875</u>	<u>60.2</u>	<u>377,811,875</u>	<u>51.5</u>
<b>Total</b>	<u>628,289,531</u>	<u>100.0</u>	<u>733,174,710</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 144,113,461 Shares held by Fonty. Mr. Zhang is also deemed to be interested in 11,957,426 Shares owned by Zhang Trusts For Descendants as the founder of the trust.
- (3) As at the date of this announcement, Mr. Zhang Zhen is the sole shareholder of True Joy Renewable and is therefore deemed to be interested in 26,906,769 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 Unconsolidated Shares that can be issued under the General Mandate is 419,540,716 (which is equivalent to 104,885,179 Shares), being 20% of the number of Unconsolidated Shares in issue as at the date of the annual general meeting of the Company on 25 June 2019. 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 Shares under the Subscription is not subject to the approval by the Shareholders. The General Mandate will be fully utilized 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 Subscription is subject to the satisfaction of the Conditions Precedent under the Subscription Agreement and the Subscription 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 the context requires otherwise:

“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 Subscription on the terms and subject to the conditions set out in the Subscription Agreement;
“Conditions Precedent”	the conditions precedent under the Subscription Agreement set out in the paragraph headed “Conditions Precedent of the Subscription” of this announcement;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“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 25 June 2019 to allot, issue and deal with up to 419,540,716 new Unconsolidated Shares (equivalent to 104,885,179 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 156,070,887 Shares, representing approximately 24.8 % 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 26,906,769 Shares, representing approximately 4.3% of the issued share capital of the Company as at the date of this announcement;
“PRC”	the People’s Republic of China;
“Share(s)”	ordinary share(s) of HK\$0.004 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;
“Subscriber”	Mr. Sun Da (孫達), an individual resident in the PRC;
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 31 December 2019 entered into between the Company and the Subscriber;
“Subscription Shares”	the 104,885,179 shares to be allotted and issued by the Company for subscription by the Subscriber pursuant to the Subscription Agreement;
“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;
“Unconsolidated Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company prior to the Company’s share consolidation which took effect on 28 August 2019;
“%”	per cent.

\* For identification purpose only.

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

Hong Kong, 2 January 2020

*As at the date of this announcement, the executive Directors are Mr. John Yi Zhang, Mr. Zhang Zhen and Mr. Chau Kwok Keung, the non-executive Director is Mr. Dai Ji, and the independent non-executive Directors are Mr. Leung Ming Shu, Mr. Kang Sun and Mr. Xu Erming.*