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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 or transferee.

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 ISSUE OF WARRANT AND NOTICE OF EGM

A notice convening the extraordinary general meeting of Comtec Solar Systems Group Limited to be held at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Friday, 17 June 2011 is set out on pages 21 to 23 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.

30 May 2011

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DEFINITIONS

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

“Articles”	means the articles of association of the Company, as amended from time to time;
“Affiliate”	Affiliate of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person
“associate”	has the meaning given to it under the Listing Rules;
“Authorised Persons”	the officers, employees, agents, investment managers and professional and other advisers of the Company or the Investor or those of any Affiliate
“Board”	the board of directors of the Company;
“Bondholders”	holders of the Bonds;
“Bonds”	the convertible bonds due 2016 in an aggregate principal amount of RMB654,500,000 having a denomination of RMB100,000 each, constituted by the Bond Instrument and issued with the benefit of, and subject to, the terms and conditions set out herein;
“Business Day”	a day other than a Saturday or Sunday on which commercial banks are open for business in Hong Kong and, in the case of a surrender of a Bond certificate, in the place where the Bond certificate is surrendered;
“Bond Instrument”	the instrument constituting the Bonds;
“Closing”	the completion of the issue and subscription of the Bonds and the Warrants in accordance with the terms and conditions under the Investment Agreement;
“Closing Date”	means the date of Closing, which shall be the first Business Day after the date when all Conditions Precedents are satisfied, or on such other date as the parties may agree;
“Company” or “Issuer”	Comtec Solar Systems Group Limited, a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange;
“Conditions Precedent”	the conditions precedent set out in the paragraph headed “Conditions Precedent” of this circular;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Conversion Shares”	New Shares to be issued upon conversion of the Bonds;

DEFINITIONS

“Director(s)”	the director(s) of the Company;
“Early Redemption Amount”	the HK\$ equivalent of its principal amount, plus the HK\$ equivalent of a premium which is rounded up to give an amount to the nearest HK cent, determined in accordance with the following formula: premium = (RMB100,000 x 30%). Since the Bonds are to be issued in the denomination of RMB100,000 each, the premium to be paid will be RMB30,000 per every RMB100,000 of principal, and to be settled in HK\$ rounded up to give an amount to the nearest HK cent;
“EGM”	an extraordinary general meeting of the Company to be convened at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Friday, 17 June 2011 (or any adjournment thereof) to consider and, if thought fit, passing the resolution(s) to approve (i) the Special Mandate; (ii) the Investment Agreement, the Bond Instrument and the Warrant Instrument and the transactions contemplated thereunder; and (iii) the appointment of the Investor Directors as initially nominated by the Investor in accordance with the Investment Agreement;
“Exercise Right”	the right of a Warrantholder to exercise any Warrant and subscribe for Shares
“Expiration Date”	five years from the date of issue of the Warrants
“Financial Year”	the financial year of the Group;
“Governance Rights Proportion”	a holding of any Bonds by the Investor or any of its Affiliates;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Investor”	TPG Asia V MU, Inc., a company incorporated under the laws of the Republic of Mauritius which is a subsidiary of TPG Asia V, L.P.;
“Investment Agreement”	the conditional agreement entered into between the Company and the Investor dated 18 April 2011 as amended pursuant to an amendment agreement dated 29 May 2011 between the same parties, regarding the subscription by the Investor and the issue by the Company of the Bonds and the Warrants;

DEFINITIONS

“Investor Director”	means a person to be nominated by the Investor and appointed as a Director pursuant to the Investment Agreement;
“Last Trading Date”	27 May 2011;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Shares”	the shares issued on the conversion of the Bonds in accordance with the Bond Instrument and issued on the exercise of the Warrants in accordance with the Warrant Instrument;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Securities”	the Bonds are the Warrants
“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;
“Special Mandate”	the Shareholders granting their approval to the Directors to issue and allot a maximum of 295,121,951 New Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Warrantholders”	the person in whose name a Warrant is registered in the Register of Warrantholders;
“Warrant Exercise Shares”	New Shares to be issued upon the exercise of the subscription rights attaching to the Warrants;
“Warrants”	95,121,951 warrants each to subscribe for one Share as constituted by the Warrant Instrument and issued with the benefit of, and subject to, the terms and conditions set out therein;
“Warrant Instrument”	the instrument to be executed as a deed by the Issuer constituting the Warrants;
“%”	per cent.

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 and
Chief Executive Officer*)
Mr. Chau Kwok Keung
Mr. Shi Cheng Qi

Non-executive Directors:

Mr. Phen Chun Shing Vincent

Independent non-executive Directors:

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

Registered office:

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

*Principal place of business
in Hong Kong:*

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

30 May 2011

To the Shareholders,

Dear Sir/Madam,

**PROPOSED ISSUE OF CONVERTIBLE BONDS
AND
PROPOSED ISSUE OF WARRANTS
AND
NOTICE OF EGM**

INTRODUCTION

Reference is made to the announcements of the Company dated 19 April 2011, 8 May 2011 and 29 May 2011, respectively, pursuant to which the Company announced that on 18 April 2011 (after trading hours), the Company and the Investor entered into the Investment Agreement on 18 April 2011 and an amendment agreement on 29 May 2011, pursuant to which, the Company has agreed to issue and the Investor has agreed to subscribe for (1) the Bonds, which are unsecured convertible bonds due 2016, in the aggregate principal amount of RMB654,500,000, convertible into fully paid ordinary shares of HK\$ 0.001 each in the capital of the Company; and (2) 95,121,951 fully detachable and transferable warrants each to purchase one ordinary share of HK\$0.001 in the capital of the Company.

LETTER FROM THE BOARD

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 (i) the Special Mandate; (ii) the Investment Agreement, the Bond Instrument and the Warrant Instrument and the transactions contemplated thereunder; and (iii) the appointment of the Investor Directors as initially nominated by the Investor in accordance with the Investment Agreement.

INVESTMENT AGREEMENT

Particulars of the Investment Agreement

Date: 18 April 2011 (as amended on 29 May 2011)

Parties:

- (1) The Company; and
- (2) TPG Asia V MU, Inc., a company incorporated under the laws of the Republic of Mauritius which is a subsidiary of TPG Asia V, L.P.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquires, the Investor and its ultimate beneficial owner(s) are independent third parties not connected with the Company or any of its connected persons.

Subscription Price:

The aggregate subscription price for the Bonds and the Warrants is the HK\$ equivalent of RMB654,500,000 at the fixed exchange rate of RMB1 = HK\$ 1.1917494 (being HK\$779,404,107.60).

Principal Terms of the Bonds

Set out below is a summary of the principal terms of the Bonds:

Issuer	the Company.
Principal amount	RMB654,500,000
Denomination	RMB100,000 each
Interest	The Bonds will not bear any interest. If the Issuer fails to pay any sum in respect of the Bonds when the same becomes due and payable under these Conditions, interest shall accrue on the overdue sum at the rate of 10 per cent. per annum from the due date and ending on the date on which full payment is made to the Bondholders in accordance with the conditions in the Bond Instrument. Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year.

LETTER FROM THE BOARD

Maturity Date	Five years from the date of issue.
Conversion Price	initially being HK\$3.90 per Conversion Share, subject to adjustment in accordance with the terms of the Bond Instrument, including subdivision or consolidation of Shares, capitalisation of profits or reserves, capital distribution, issuance of options, rights or warrants, and certain other events.
Conversion Period	Bondholders have the right to convert their Bonds into Shares at any time on or after the issue date of the Bonds up to the close of business on the Maturity Date or if such Bond shall have been called or put for redemption at any time on or after the issue date, then up to the close of business on a date no later than five Business Days prior to the date fixed for redemption.
Number of Conversion Shares issuable	200,000,000 Conversion Shares will be issued upon full conversion of the Bonds based on the initial conversion price of HK\$3.90.
Redemption at Maturity	The Issuer will redeem each Bond outstanding at an amount equal to the HK\$ equivalent of its RMB principal amount on the Maturity Date.
Redemption for taxation reasons	At any time the Issuer may, having given not less than 30 nor more than 60 days' notice (a " Tax Redemption Notice ") to the Bondholders, redeem all, and not some only, of the Bonds at an amount equal to the HK\$ equivalent of their RMB principal amount on the date fixed for redemption in the Tax Redemption Notice (the " Tax Redemption Date "), if: (A) the Issuer certifies to the Bondholders immediately prior to the giving of such notice that the Issuer has or will become obliged to pay additional amounts under the taxation clause of as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which the Bonds are first issued; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due.

LETTER FROM THE BOARD

Redemption on change of control

Upon the occurrence of a Change of Control (as defined below), the holder of each Bond will have the right, at such holder's option, to require the Issuer to redeem in whole but not in part such holder's Bonds on the Change of Control put date at the HK\$ equivalent of their Early Redemption Amount.

A Change of Control occurs when either:

- (a) the Controlling Shareholder ceases, directly or indirectly, to be able to exercise or control the exercise of 30 per cent. or more of the voting rights attaching to the issued share capital of the Issuer (a "**Control Stake**");
- (b) the Controlling Shareholder ceases to be the single largest shareholder of the Issuer;
- (c) any person or persons (other than the Controlling Shareholder), acting individually or together, directly or indirectly, acquires a Control Stake in the Issuer; or
- (d) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring a Control Stake in the Issuer or the successor entity.

Redemption on delisting

Upon the occurrence of delisting of the Shares, each Bondholder shall have the right, at such Bondholder's option, to require the Issuer to redeem, in whole but not in part only, such Bondholder's Bonds on the twentieth Business Day after a delisting put notice has been given to the Bondholders by the Issuer at the HK\$ equivalent of their Early Redemption Amount.

LETTER FROM THE BOARD

Governance Put Right	<p>If either the Investor nominates a director or a member of each of the audit committee, the nomination committee and the remuneration committee of the Board in accordance with the Investment Agreement and such nominee is not as soon as reasonably practicable (and in any case within 1 month of the Investor giving notice to the Issuer) appointed and permitted to continue in such capacity then the Investor shall have the right on giving notice in writing to the Issuer to require the Issuer to redeem, in whole but not in part only, the Investor's Bonds at their Early Redemption Amount on the tenth Business Day following the issue of the governance put notice.</p>
Status	<p>The Bonds constitute direct, unsubordinated, unconditional and (subject to negative pledge) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and subject to the negative pledge, at all times rank at least equally with all of the Issuer's other present and future direct, unsubordinated, unconditional and unsecured obligations.</p>
Transferability	<p>The Bonds and any Conversion Shares are freely transferable subject to the terms and conditions of the Investment Agreement, the Bond Instrument, and compliance with applicable law.</p>
Voting	<p>The Bondholders will not be entitled to receive notice of or attend or vote at general meetings of the Issuer by reason only of being the holders of a Bond. The Bondholders will not be entitled to participate in any distribution and/or offers of further securities made by the Issuer by reason only of being the holders of the Bonds.</p>
Listing	<p>No application will be made for the listing of the Bonds on the Stock Exchange or any other exchange.</p>

LETTER FROM THE BOARD

Comparison of Conversion Price

The initial conversion price of HK\$3.90 per Conversion Share was arrived at after arm's length negotiation between the Company and the Investor and represents:

- (i) a premium of approximately 21.9% over the closing price of the Shares of HK\$3.20 as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of 23.8% over the average closing price of HK\$3.15 per Share for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of 15.0% over the average closing price of HK\$3.39 per Share for the last ten consecutive trading days up to and including the Last Trading Day.

The Directors consider that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conversion Shares

Assuming full conversion of the Bonds at the conversion price of HK\$3.90 per Conversion Share, the Bonds will be converted into approximately 200,000,000 Conversion Shares, representing approximately 17.64% of the existing issued share capital of the Company and approximately 14.99% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Shares will rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date.

Principal Terms of the Warrants

Set out below is a summary of the principal terms of the Warrants:

Issuer	The Company.
Number of Warrants to be issued	95,121,951
Exercise price	Each Warrant carries the right to subscribe for one Share. The price at which a Share will be issued upon exercise of a Warrant, as adjusted from time to time, will initially be RMB3.4403 per Share payable in Hong Kong dollars at a fixed exchange rate of HK\$1.1917494 per RMB1.00, which is equivalent to HK\$4.10 per Share, but will be subject to adjustment in the manner provided in the Warrant Instrument, including subdivision or consolidation of Shares, capitalisation of profits or reserves, capital distribution, issuance of options, rights or warrants, and certain other events.

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Exercise period	at the option of the holder thereof, at any time on or after the date of the issue of each Warrant up to the close of business (at the place where the Warrant Certificate evidencing such Warrant is deposited for exercise) on the Expiration Date (but in no event thereafter) (the “ Exercise Period ”). After the close of business on the Expiration Date, the Exercise Right shall lapse and each warrant shall cease to be valid for any purpose.
Status	The Warrants will rank <i>pari passu</i> in all respects with one another.
Number of Warrant Exercise Shares issuable	95,121,951
Transferability	The Warrants are freely transferable subject to the terms and conditions of the Investment Agreement, the Warrant Instrument, and compliance with applicable law.
Voting	The Warrantheolders will not be entitled to receive notice of or attend or vote at general meetings of the Issuer by reason only of being the holders of a Warrant. The Warrantheolders will not be entitled to participate in any distribution and/or offers of further securities made by the Issuer by reason only of being the holders of the Warrants.
Listing	No application will be made for the listing of the Warrants on the Stock Exchange or any other exchange.

Comparison of Exercise Price

The initial exercise price of RMB3.4403 (equivalent to HK\$4.10) per Warrant Exercise Share (subject to adjustment) represents:

- (i) a premium of approximately 28.1% over the closing price of the Shares of HK\$3.20 as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 30.2% over the average closing price of HK\$3.15 per Share for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 20.9% over the average closing price of HK\$3.39 per Share for the last ten consecutive trading days up to and including the Last Trading Day.

LETTER FROM THE BOARD

Assuming exercise of the Warrants at the exercise price of RMB3.4403 (equivalent to HK\$4.10) per Warrant Exercise Share, approximately 95,121,951 Warrant Exercise Shares, representing approximately 8.39% of the existing issued share capital of the Company and approximately 6.66% of the issued share capital of the Company as enlarged by the issue of the Warrant Exercise Shares, will be allotted and issued. Therefore, the shareholding structure of the Company upon exercise of all warrants is in compliance with Rule 15.02(1).

The Warrant Exercise Shares will rank *pari passu* in all respects with the Shares then in issue on the relevant exercise date.

Conditions Precedent

The obligations of the Investor under the Investment Agreement are conditional upon:

- (i) the representations and warranties of the Issuer set out in the Investment Agreement continuing to be true, accurate and correct in all material respects as of the Closing Date;
- (ii) the Issuer having obtained from its Shareholders all necessary approvals on the terms and the conditions under the Investment Agreement, required under the Articles, applicable law and the Listing Rules;
- (iii) the Stock Exchange having approved the listing of, and granted permission to deal in, the New Shares;
- (iv) the Issuer shall have performed all of its obligations set out in the Investment Agreement expressed to be performed on or before such date;
- (v) no event, circumstance, effect, occurrence or state of affairs or any combination thereof having occurred which would, or could reasonably be expected to be, materially adverse to the business, operations, assets, liabilities (including contingent liabilities), properties, business or financial condition, results or prospects of the Group taken as a whole;
- (vi) no injunction, interim or otherwise, having been granted in respect of the Issuer which would prohibit the Issuer to enter into and perform its respective obligations under the Bond Instrument, the Warrant Instrument and the Investment Agreement; and
- (vii) a Change of Control having not occurred in respect of the Issuer.

Subject to the satisfaction (or waiver as the case may be) of all the Conditions Precedent, Closing shall take place on the Closing Date at 10:00 a.m. (Hong Kong time) or at such other time as the Issuer and the Investor shall agree.

LETTER FROM THE BOARD

ERISA Governance Rights

Subject to any legal or regulatory restrictions (including the Listing Rules) applicable to the Issuer and for as long as the Investor holds, directly or indirectly, the Governance Rights Proportion, at the expense of the Investor:

- (i) the Issuer shall furnish the Investor with reasonable visitation and inspection rights to any of the properties of the Issuer and its Subsidiaries (as defined in the Investment Agreement), including the books of account, and the right to discuss the Issuer's and its Subsidiaries' business affairs, finances and accounts with the Issuer's and its Subsidiaries' officers or directors, at such times as the Investor may reasonably request; and
- (ii) at least five Business Days prior to the making of any decisions in relation to (a) the appointment or removal of any directors of any member of the Issuer or any of its subsidiaries or increase of the remuneration of any of the same or (b) the recruitment, election, dismissal or change of the remuneration or conditions of any senior employee of any member of the Issuer or any of its Subsidiaries, the Issuer shall provide to the Investor all information reasonably desirable or necessary in order to evaluate the merits of such decision and shall consult with the Investor prior to making such decision.

Subject to giving prior written notice to the Issuer, the Investor shall have the right to assign its rights under the ERISA governance rights and information and reporting (as described below) to TPG Asia V, L.P. with the prior written consent from the Issuer (whose consent shall not be unreasonably withheld).

Information and Reporting

Subject to any legal or regulatory restrictions (including the Listing Rules) applicable to the Issuer and for as long as the Investor holds, directly or indirectly, the Governance Rights Proportion, the Investor shall be entitled to receive any information held by the Issuer which the Investor reasonably requires to keep it properly informed about the business and affairs of the Group and generally to protect its interests as a holder of Bonds, and Warrants in such form as the Board reasonably determines. For the avoidance of doubt, the Investor's right to receive the information as described above is subject to the Directors' fiduciary duties. The Investor shall (and shall procure that TPG Asia V, L.P. as its assignee shall) deal with such information (together with any information provided under the ERISA governance rights), to the extent that it constitutes unpublished price-sensitive information, in such a manner that will not breach any applicable laws including, among others, laws relating to insider dealing or cause the Issuer or members of the Group to breach any applicable laws, the Listing Rules or the Guide on Disclosure of Price-Sensitive Information or the directions and guidelines issued from time to time by the Stock Exchange. In particular, prior to or simultaneously with the release of any price sensitive information to the Investor, the Company will make an announcement for such price sensitive information in accordance with the Listing Rules.

LETTER FROM THE BOARD

The Issuer shall:

- (i) supply the Investor with a copy of the audited accounts of each Principal Subsidiary (as defined in the Investment Agreement) (complying with all relevant legal requirements) and audited consolidated accounts of the Group in respect of each Financial Year as the same time as the same is made available to the shareholders of the Issuer;
- (ii) supply the Investor Director with a copy of the finalised monthly management accounts of the Group, which shall include a consolidated profit and loss account, balance sheet and cash flow statement broken down according to the divisions of the Group and information relating to operating key performance indicators at the same time as the same is made available to the Directors; and
- (iii) supply the Investor Director with copies of all financial or other information provided by any member of the Group to any bank or holder of debt securities in any member of the Group at the same time as it is so provided.

The Investor shall be entitled to share any information provided to it under this paragraph with any of its Authorised Persons (as defined in the Investment Agreement) from time to time provided that the Investor shall procure that any such Authorised Persons to whom it passes such information (and any person to whom it assigns its rights under ERISA governance rights) comply with the same restrictions and obligations under this paragraph as are applicable to the Investor. Mr. Donald Huang and Mr. Steven Peel would be the persons to whom the information may be provided initially, both of whom are expected to be nominated as Directors of the Company by the Investor. To clarify and for the avoidance of doubt, the Investor shall just have the right to receive the information instead of approving the decisions to be made by the Board and the Investor does not have any overriding power over the Board.

Investor's Governance Right

For so long as the Investor holds the Governance Rights Proportion, the Investor will be entitled to (i) nominate two persons to be appointed and to continue in office as a Directors (“**Investor Director**”) by giving notice in writing to the Issuer, provided that such persons fulfil the requirements under the applicable law and the Listing Rules to be appointed as a director; (ii) nominate an Investor Director to be appointed and to continue as a member of each of the audit committee, the nomination committee and the remuneration committee (and any other committee of the Board constituted by the Board in accordance with its powers under the Articles before, on or after the date of this Agreement) by giving notice in writing to the Issuer. In accordance with the Articles of the Company, the appointment of the Investor Directors shall be resolved by the Board, and then recommended to the Shareholders by the Board for re-election at the next general meeting. Therefore, the process of nomination and appointment of the Investor Directors is subject to the approval by Shareholders. In addition, the process of nomination and appointment of the Investor Directors is subject to the fiduciary duties of the existing Directors. If the appointment of the new directors being nominated is considered inappropriate by the Board/being voted against by Shareholders or when the Board/shareholders consider removing the new directors from office, the Investor may have the right to exercise the Governance Put Right pursuant to the Investment Agreement. On exercise of the

LETTER FROM THE BOARD

Governance Put Right by the Investor, the Bonds are to be redeemed at a premium of 30%. Having considered the current financial position of the Group, the commercial rationale underlying the transaction and the reputation and track record of the Investor, the Company is of the view that the premium payable by the Company on exercise of the Governance Put Right will not exert any material influence or intervene the voting of Shareholders in connection with the appointment of Directors nominated by the Investor.

The Investor's Governance Rights under the Investment Agreement are not transferable and will not be transferred upon transfer of the Convertible Bonds, Warrants or New Shares.

Termination of the Investment Agreement

If at any time the Investor (together with its Affiliates) ceases to be a Bondholder, without prejudice to the rights and/or obligations of any party in respect of any antecedent breach, the Investment Agreement shall be automatically terminated and the parties shall be released and discharged from their respective obligations under Investment Agreement.

Investor's Nominee Rights

The Investor shall be entitled, on giving notice in writing to the Issuer, to nominate an affiliate to subscribe for the Bonds and the Warrants and, subject to the entry into of a deed of adherence to the Investment Agreement, have the benefit of the Investor's rights and be subject to the Investor's obligations under the Investment Agreement.

Aggregate Effect of Conversion of the Bonds and Exercise of the Warrants

The New Shares will be issued under the Special Mandate granted by the Shareholders at the EGM of the Company. Assuming the Bonds are fully converted and the Warrants are fully exercised, a maximum number of 295,121,951 New Shares will be allotted and issued, which represent 26.03% of the existing issued share capital of the Company as of the date of the Investment Agreement, and represent 20.65% of the issued shares as enlarged by the issue of the New Shares.

REASONS FOR THE INVESTMENT AGREEMENT AND USE OF PROCEEDS

The Board considers the Investment Agreement to be part of the Group's effort in strengthening publicity and the Investment Agreement provides a solid foundation for the strategic relationship between the Investor, a global institutional investor and the Group.

The Investment Agreement also represents an opportunity to raise additional funds for the Group. The estimated net proceeds from the issue of the Bonds would be approximately HK\$780 million. The Board intends to apply the net proceeds from the issue of the Bonds to expansion of capacity. Upon full exercise of the subscription rights attaching to the Warrants, the estimated net proceeds are approximately HK\$390 million and will be applied to working capital.

LETTER FROM THE BOARD

The Directors consider that the terms of the Investment Agreement, including the rights of the Investor pursuant to the Investment Agreement as described under the paragraphs headed “ERISA Governance Rights”, “Information and Reporting” and “Investor’s Governance Right” in the section headed “Letter from the Board” in this circular, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

SHAREHOLDING OF THE COMPANY

The table below sets out the Company’s shareholding structure as at the date of this announcement and upon the full conversion of the Bonds and full exercise of the subscription rights attaching to the Warrants, and assuming there is no transfer of New Shares.

	Nature of Interest	Shareholding as at the date of this announcement		Shareholding immediately after completion and upon full conversion of the Bonds but before any exercise of the Warrants		Shareholding immediately after completion and upon full conversion of the Bonds and full exercise of the Warrants	
		Approximately		Approximately		Approximately	
		No. of shares	%	No. of shares	%	No. of shares	%
Mr. John Zhang ¹	Beneficial of a trust, interest in a controlled corporation, interest of spouse and interest of children under 18	663,867,550	58.5	663,867,550	49.8	663,867,550	46.5
Fonty Holdings Limited	Beneficial owner	338,537,844	29.9	338,537,844	25.4	338,537,844	23.7
J.P. Morgan Trust Company ²	Trustee of a trust	325,329,706	28.7	325,329,706	24.4	325,329,706	22.8
Ms. Carrie Wang ³	Beneficiary of a trust	325,329,706	28.7	325,329,706	24.4	325,329,706	22.8
Mr. Alan Zhang ³	Beneficiary of a trust	325,329,706	28.7	325,329,706	24.4	325,329,706	22.8
Public Mutual Berhad	Beneficial owner	81,208,000	7.2	81,208,000	6.1	81,208,000	5.7
Public Bank Berhad	Interest in controlled incorporation	81,208,000	7.2	81,208,000	6.1	81,208,000	5.7
The Investor	—	—	—	200,000,000	15.0	295,121,951	20.7
Other public shareholders	—	388,814,450	34.4	388,814,450	29.1	388,814,450	27.2
Total	—	<u>1,133,890,000</u>	<u>100</u>	<u>1,333,890,000</u>	<u>100</u>	<u>1,429,011,951</u>	<u>100</u>

LETTER FROM THE BOARD

Note:

- (1) Mr. John Zhang legally owns the entire issued share capital of Fonty, which beneficially owns 338,537,844 Shares. Mr. John Zhang is therefore deemed to be interested in all the Shares held by Fonty. Mr. John Zhang is also deemed to be interested in 325,329,706 Shares for the purposes of the SFO, which are beneficially owned by Mr. John Zhang, Mr. John Zhang's spouse and child under the age of 18, as beneficiaries of JZ GRAT of 2009, JZ GRAT of 2010 and JZ GRAT of 2011, each of which being an irrevocable grantor retained annuity trust set up by Mr. John Zhang for the benefit of himself and his family members and of which J.P. Morgan Trust Company of Delaware is the trustee.
- (2) J.P. Morgan Trust Company of Delaware is the legal owners of 75,329,706 Shares as trustee for JZ GRAT of 2009, 150,000,000 Shares as trustee for JZ GRAT of 2010, and 100,000,000 Shares as trustee for JZ GRAT 2011.
- (3) Ms. Carrie Wang is the spouse of Mr. John Zhang and Mr. Alan Zhang is a child of Mr. John Zhang under the age of 18. Each of Ms. Carrie Wang and Mr. Alan Zhang is a beneficiary of JZ GRAT of 2009, JZ GRAT of 2010 and JZ GRAT of 2011 and is deemed to be interested in the 325,329,706 Shares held by J.P. Morgan Trust Company of Delaware as trustee for JZ GRAT of 2009, JZ GRAT of 2010 and JZ GRAT of 2011.

CAPITAL RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Apart from the capital raising activity mentioned below, the Company has not carried out any other capital raising activity during the 12 months immediately before the date of this announcement.

Date of initial Announcement	Capital raising activity	Use of net proceeds	Intended use of net proceeds not yet utilised
9 September 2010	Placing of up to 100,000,000 Shares at the placing price of HK\$2.30	Approximately HK\$133.3 million will be used for capital expenditure; approximately HK\$88.9 million will be used for general working capital	Approximately HK\$133.3 million will be used for capital expenditure

PROPOSED APPOINTMENT OF THE INVESTOR DIRECTORS

The Investor has informed the Company that it has nominated Mr. Stephen Peel and Mr. Donald Huang to be appointed as non-executive Directors subject to Closing and approval of the Shareholders at the EGM. Pursuant to the proposed resolutions at the EGM, the appointments of Mr. Stephen Peel and Mr. Donald Huang as non-executive Directors, the appointment of Mr. Donald Huang as member of the audit committee, the remuneration committee and the nomination committee, if approved by Shareholders at the EGM, will take effect from the Closing Date and will be subject to retirement by rotation and re-election in accordance with Articles. The biographical details of Mr. Stephen Peel and Mr. Donald Huang are set out in Appendix to this circular.

LETTER FROM THE BOARD

GENERAL

The New Shares will be allotted and issued under the Specific Mandate proposed to be sought from the Shareholders at the EGM. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the New Shares.

The Bonds and the Warrants will not be listed on Stock Exchange or any other stock exchange. Accordingly, no application will be made for the listing of the Bonds and the Warrants on the Stock Exchange or any other stock exchange.

Shareholders and potential investors should note that completion of each of Investment Agreement, Bond Instrument and Warrant Instrument is subject to the fulfillment of the conditions precedent set out in the Investment Agreement. As the issue of the Bonds and the issue of the Warrants may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisers.

EGM

A notice convening the EGM to be held at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, at 10:00 a.m. on Friday, 17 June 2011 is set out on pages 21 to 23 of this circular.

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.

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.

LETTER FROM THE BOARD

RECOMMENDATION

On the basis of the information set out in this circular, the Directors consider that the Issue of the Bonds and the Warrants are in the best interests of the Company and the Shareholders as a whole and therefore recommend you to vote in favour of the resolutions for the granting of the Special Mandate, approving the Investment Agreement, Bond Instrument, Warrant Instrument and transactions contemplated thereunder and the appointment of Mr. Stephen Peel and Mr. Donald Huang as non-executive Directors, the appointment of Mr. Donald Huang as member of the audit committee, the remuneration committee and the nomination committee 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 ZHANG
Chairman

APPENDIX — BIOGRAPHICAL DETAILS OF THE INVESTOR DIRECTOR

The biographical details of Mr. Stephen Peel are set out as follows:

Mr. Stephen Peel, aged 45, is a managing partner at TPG Capital based in Hong Kong and heads the firm's investing activities in Asia and Russia. Mr. Peel was a founder of Texas Pacific Group's (now TPG Capital) European office in 1997. He also set up the firm's activities in Eastern Europe and Russia before assuming responsibility for the businesses in Asia in late 2008. Before joining TPG Capital, Mr. Peel was in the Principal Investment Area of Goldman Sachs International in Europe from 1989 to 1997. Mr. Peel graduated from Cambridge University in 1987 and represented Great Britain in the Olympic Games in 1988. Mr. Peel serves or has served on boards of directors including: China Grand Auto, Strauss Coffee, Grohe AG, British Vita Unlimited, Mey Alkollü İçkiler, Punch Taverns, Spirit Group Limited, Findexa Limited and Pivovarni Ivana Taranova.

As at the date of this circular, Mr. Stephen Peel does not have any interests in any shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) nor does he have any relationship with any Director, senior management, chief executive or substantial or controlling shareholder of the Company. He has not held any positions in the Company or other members of the Group.

Pursuant to the Articles, Mr. Stephen Peel's appointment as a non-executive Director as will be subject to retirement by rotation and re-election in accordance with the provisions of the Articles. Subject to approval of Mr. Stephen Peel's appointment at the EGM, there will be a service contract to be entered into between the Company and Mr. Stephen Peel pursuant to which Mr. Stephen Peel will be entitled to a director fee of HK\$80,000 per year, which is determined by arm's length negotiation between the Company and the Investor.

The biographical details of Mr. Donald Huang are set out as follows:

Mr. Donald Huang, aged 30, is a vice president at TPG Capital. He joined TPG Capital in 2005 in San Francisco and moved to Asia in 2008. He was previously involved in TPG Capital's investments in Alltel, Intergraph, Asciano, Wumart and China Renewable Energy. Prior to joining TPG Capital, he worked in the investment banking division of Goldman, Sachs & Company in the US, focusing on merger and acquisition.

As at the date of this circular, Mr. Donald Huang does not have any interests in any shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) nor does he have any relationship with any Director, senior management, chief executive or substantial or controlling shareholder of the Company. He has not held any positions in the Company or other members of the Group.

APPENDIX — BIOGRAPHICAL DETAILS OF THE INVESTOR DIRECTOR

Pursuant to the Articles, Mr. Donald Huang's appointment as a non-executive Director, and his appointment as member of the audit committee, the remuneration committee and the nomination committee as will be subject to retirement by rotation and re-election in accordance with the provisions of the Articles. Subject to approval of Mr. Donald Huang's appointment at the EGM, there will be a service contract to be entered into between the Company and Mr. Donald Huang pursuant to which Mr. Donald Huang will be entitled to a director fee of HK80,000 per year which is determined by arm's length negotiation between the Company and the Investor.

Save as disclosed above, there is no information that needs to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor are there other matters related to the appointments of Mr. Stephen Peel and Mr. Donald Huang as Directors that need to be brought to the attention of the Shareholders pursuant to 13.51(2)(w) of the Listing Rules.

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 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Friday, 17 June 2011 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 30 May 2011).

ORDINARY RESOLUTIONS

1. “THAT

- (a) the conditional Investment Agreement entered between the Company and the Investor pursuant to which the Company has agreed to issue and the Investor has agreed to subscribe for (1) the Bonds, which are unsecured convertible bonds due 2016, in the aggregate principal amount of RMB654,500,000, convertible into fully paid ordinary shares of HK\$ 0.001 each in the capital of the Company; and (2) 95,121,951 fully detachable and transferable warrants each to purchase one ordinary share of HK\$0.001 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 Bonds and the issue of the Warrants in accordance with the terms and conditions of the Investment Agreement and the transactions contemplated thereunder be and are hereby approved;
- (c) Subject to and conditional upon, among others, the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the New Shares, the allotment and issue of the New Shares to the relevant Bondholders and/or Warrantholders which may fall to be allotted and issued upon the conversion of the Bonds in accordance with the Bond Instrument and/or on the exercise of the Warrants in accordance with the Warrant Instrument, together in aggregate being a maximum of 295,121,951 New Shares, be and is hereby approved and the Board be and is hereby authorised to allot and issue the New Shares pursuant to and in accordance with the terms

NOTICE OF EGM

of the Investment Agreement, the Bond Instrument, the Warrant Instrument and the Articles and that the New Shares shall, when allotted and issued, be credited as fully paid and rank *pari passu* in all respects with all other Shares of the Company in issue on the date of such allotments and issues; and

- (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 Investment 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 Bonds and the issue of the Warrants, and the allotment and issue of New Shares of which may fall to be issued upon exercise of the subscription rights attaching to the Bonds and the Warrants.”

2. “THAT

the Bond Instrument be entered by the Company as a deed pursuant to the Investment Agreement”

3. “THAT

the Warrant Instrument be entered by the Company as a deed pursuant to the Investment Agreement”

4. “THAT

subject to Completion, the appointment of Mr. Stephen Peel as a non-executive Director be and is hereby approved, with such appointment to take effect from the Closing Date and subject to retirement by rotation and re-election in accordance with the Articles.”

5. “THAT

subject to Completion, the appointment of Mr. Donald Huang as a non-executive Director, member of the audit committee, the remuneration committee and the nomination committee be and is hereby approved, with such appointment to take effect from the Closing Date and subject to retirement by rotation and re-election in accordance with the Articles.”

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

Hong Kong, 30 May 2011

NOTICE OF EGM

As at the date of this notice, the directors of the Company are Mr. John ZHANG, Mr. CHAU Kwok Keung and Mr. SHI Cheng Qi as executive directors, Mr. PHEN, Chun Shing Vincent as non-executive directors, and Mr. Daniel DeWitt MARTIN, Mr. Kang SUN and Mr. LEUNG Ming Shu as independent non-executive directors.

Registered office:

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1 111
Cayman Islands

Principal place of business in Hong Kong:

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

Notes:

1. Any member entitled to attend and vote at the above meeting is entitled to appoint one or, if he is the holder of two or more shares, one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the offices of the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the above meeting or any adjournment thereof.
3. 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.