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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 712)

DISCLOSEABLE TRANSACTION
PROPOSED ACQUISITION OF 51% OF THE ENTIRE ISSUED SHARE
CAPITAL OF FORUM (ASIA) LIMITED INVOLVING ISSUE OF
CONSIDERATION SHARES UNDER SPECIFIC MANDATE

THE PROPOSED ACQUISITION

The Board is pleased to announce that, on 14 November 2016 (after trading hours of the Stock Exchange), the Company, Forum (Asia), the Vendors and the Ultimate Holders entered into the Sale and Purchase Agreement, pursuant to which the Company agreed to acquire 51% of the entire issued share capital of Forum (Asia) at a total maximum consideration of RMB52.02 million from the Vendors. The consideration is to be satisfied by the Company by allotting and issuing new Shares to the Vendors under the Specific Mandate to be sought from the Shareholders (unless the Company opted to pay in cash with the consent of the Vendors).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios exceeds 5% but none of the applicable percentage ratios exceeds 25%, the Sale and Purchase Agreement and the transaction contemplated thereunder constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

SPECIFIC MANDATE

The Consideration Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the EGM.

GENERAL

The EGM will be convened and held for the Shareholders to consider and if thought fit, approve the Sale and Purchase Agreement and the Specific Mandate.

A circular containing, among others, further details about the Sale and Purchase Agreement and the proposed grant of the Specific Mandate together with a notice convening the EGM, is currently expected to be despatched to the Shareholders no later than 5 December 2016.

As completion of the Proposed Acquisition is subject to fulfilment of certain conditions precedent under the Sale and Purchase Agreement and the Proposed Acquisition may or may not proceed, Shareholders and potential investors of the Company are urged to exercise caution when dealing in the Shares.

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SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date:

14 November 2016

Parties:

- (1) The Company;
- (2) Forum (Asia);
- (3) the Vendors; and
- (4) the Ultimate Holders.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Forum (Asia), the Vendors, and their ultimate beneficial owners (namely, the Ultimate Holders) is a third party independent of each of the Company and its connected persons as at the date of this announcement. As On Board and Ms. Yuan will hold more than 10% of the entire issued share capital of Forum (Asia) upon completion, each of them will be deemed as a substantial shareholder of the Company upon completion.

Interest to be acquired:

Pursuant to the Sale and Purchase Agreement, the Company conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Sale Shares, representing 51% of the entire issued share capital of Forum (Asia) as of the date of this announcement. Upon Completion, Forum (Asia) will become a non-wholly owned subsidiary of Group and held as to 51.05% by the Company or its nominee(s), including the one new ordinary share to be issued and allotted to the Company as disclosed in the paragraph headed "The Deposit" below and the Sale Shares to be acquired by the Company from the Vendors, and accordingly the financial results of Forum (Asia) will be consolidated into the financial results of the Company.

The Deposit

The Company shall pay RMB1 million to Forum (Asia) as an initial deposit ("**Deposit**") on or prior to the 90th calendar day following the date of the Sale and Purchase Agreement. If the Company fails to consummate the Completion, the Company shall pay to Forum (Asia) liquidated damages in an aggregate amount equal to the Deposit and the Deposit shall be applied as such liquidated damages. In the event that the Completion is not consummated other than due to the Company's failure in performing its obligations under the Sale and Purchase Agreement on or prior to the 180th calendar day following the date of the Sale and Purchase Agreement, Forum (Asia) shall promptly return the Deposit to the Company. The Company intends that the Deposit will be injected into Forum (Asia) as share capital upon the Completion. Accordingly, upon the Completion, Forum (Asia) shall allot and issue one new ordinary share to the Company credited as fully paid by applying the Deposit as the subscription price.

Consideration of the Proposed Acquisition:

The maximum consideration payable by the Company for the Proposed Acquisition shall be RMB52.02 million ("**Maximum Consideration**") and shall be calculated by reference to the targeted consolidated profit before taxation of the Target Group as reported in the management accounts of Forum (Asia) in accordance with International Financial Reporting

Standards and as approved by the Company (“**Profit Before Tax**”) for the 36 months ending 31 December 2019 and paid in six instalments as set out as follows:

No. of Instalment	Amount of Instalment	Payment Date
First Instalment	Maximum Consideration × (Profit Before Tax for the six month period ending 30 June 2017) ÷ RMB58,000,000	The Company shall pay the First Instalment to the Vendors in proportion to their respective Sale Shares within 60 Business Days after 30 June 2017.
Second Instalment	Maximum Consideration × (Profit Before Tax for the twelve month period ending 31 December 2017) ÷ RMB58,000,000 – the First Instalment	The Company shall pay the Second Instalment to the Vendors in proportion to their respective Sale Shares within 60 Business Days after 31 December 2017.
Third Instalment	Maximum Consideration × (Profit Before Tax for the eighteen month period ending 30 June 2018) ÷ RMB58,000,000 – the First Instalment – the Second Instalment	The Company shall pay the Third Instalment to the Vendors in proportion to their respective Sale Shares within 60 Business Days after 30 June 2018.
Fourth Instalment	Maximum Consideration × (Profit Before Tax for the twenty-four month period ending 31 December 2018) ÷ RMB58,000,000 – the First Instalment – the Second Instalment – the Third Instalment	The Company shall pay the Fourth Instalment to the Vendors in proportion to their respective Sale Shares within 60 Business Days after 31 December 2018.
Fifth Instalment	Maximum Consideration × (Profit Before Tax for the thirty month period ending 30 June 2019) ÷ RMB58,000,000 – the First Instalment – the Second Instalment – the Third Instalment – the Fourth Instalment	The Company shall pay the Fifth Instalment to the Vendors in proportion to their respective Sale Shares within 60 Business Days after 30 June 2019.
Sixth Instalment	Maximum Consideration × (Profit Before Tax for the thirty-six month period ending 31 December 2019) ÷ RMB58,000,000 – the First Instalment – the Second Instalment – the Third Instalment – the Fourth Instalment – the Fifth Instalment	The Company shall pay the Sixth Instalment to the Vendors in proportion to their respective Sale Shares within 60 Business Days after 31 December 2019.

The First Instalment, Second Instalment, the Third Instalment, the Fourth Instalment, the Fifth Instalment and the Sixth Instalment (together the “**Instalments**” and each an “**Instalment**”) are to be satisfied by the Company by allotment and issue of such number of Consideration Shares equal to the amount of the relevant Instalment divided by the Issue Price and rounded to the nearest even number, provided that at the option of the Company with the written consent of both Vendors, any of the Instalments may be satisfied in cash or a combination of cash and Consideration Shares.

Issue Price and Consideration Shares

The Issue Price of HK\$0.355 per Consideration Share was arrived at after arm’s length negotiation between the Company and the Vendors based on the closing price of the Shares on the date of the Sale and Purchase Agreement. Assuming that the Maximum Consideration will be paid and satisfied by the allotment and issue of the Consideration Shares, a total of 166,479,449 Consideration Shares will be allotted and issued by the Company, representing approximately 10.76% of the issued share capital of the Company as at the date of this announcement and approximately 9.72% of the issued share capital of the Company as enlarged by the Consideration Shares. The Consideration Shares will, when fully paid, rank *pari passu* in all respects with the existing issued Shares of the Company upon issuance.

The Issue Price represents:

- (i) the closing price of HK\$0.355 per Share as quoted on the Stock Exchange on 14 November 2016, being the date of the Sale and Purchase Agreement;
- (ii) a discount of approximately 1.93% to the average closing price of HK\$0.362 per Share as quoted on the Stock Exchange for the last five trading days up to 11 November 2016; and
- (iii) a discount of approximately 2.87% to the average closing price of HK\$0.3655 per Share as quoted on the Stock Exchange for the last ten trading days up to 11 November 2016.

The Maximum Consideration has been arrived at on an arm’s length basis under normal commercial terms pursuant to the negotiations between the parties after taking into account, among others, the following factors, by multiplying 51%, being the shareholding of Forum (Asia) to be acquired by the Company under the Sale and Purchase Agreement:

- (i) the fair market value of the Target Group, which amounted to RMB102 million, as indicated in a preliminary valuation report prepared by an Independent Third Party valuer;
- (ii) the targeted Profit Before Tax of RMB58 million for the 36 months ending 31 December 2019; and
- (iii) the implied multiple of 5.3x based on the Maximum Consideration over annualised target Profit Before Tax.

The Directors are of the opinion that the Maximum Consideration and Issue Price are fair and reasonable and are on normal commercial terms.

Conditions Precedent:

Pursuant to the Sale and Purchase Agreement, the Completion shall be subject to fulfilment of the following conditions on or before the 180th calendar day following the date of the Sale and Purchase Agreement:

- (a) the Company having paid the Deposit to Forum (Asia) in accordance with the Sale and Purchase Agreement;
- (b) the Company having confirmed that it is satisfied with its due diligence review of the operations, legal and financial affairs of the Target Group in all material respects;
- (c) the obtaining of all consents required for the entering into or the implementation or Completion of the Sale and Purchase Agreement by the Company, the Vendors and/or any member of the Target Group or for the performance of their respective obligations hereunder, including, without limitation, the consents (if appropriate or required) of the Shareholders, the Vendors and/or any member of the Target Group (if applicable), the Stock Exchange and the Securities and Futures Commission of Hong Kong and all filings with any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong, or elsewhere which are required or appropriate for the entering into and the implementation of the Sale and Purchase Agreement having been made;
- (d) the approval of Shareholders having been obtained at a duly convened Shareholders' meeting of the Company approving the Sale and Purchase Agreement and the transactions contemplated hereunder, including the sale and purchase of the Sale Shares and the allotment and issue of the Consideration Shares; and
- (e) the approval of the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange by the Stock Exchange.

Completion:

Completion shall take place on the third Business Day immediately after the conditions as set out above having been fulfilled (or such other date as the parties may agree in writing).

Neither party shall be obliged to complete the sale and purchase of the Sale Shares or perform any obligations hereunder unless the other party hereto complies fully with its obligations relating to Completion as set forth under the Sale and Purchase Agreement.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

As of the date of this announcement, the Group was principally engaged in the manufacture and sales of solar wafers and related products and provision of processing service for solar products and was one of the few PRC-based solar companies with sizeable overseas production facilities. In September 2016, the Group has completed its acquisition of Joy Boy HK Limited, which marked the beginning of the Group's expansion into the business of downstream solar project development, which the Directors believe would fuel the growth of the Group. As such, the Company intends to explore further opportunities to expand into downstream solar business with a view to creating synergy through integration of the downstream solar business with the Group's existing upstream solar business of the Group.

The Proposed Acquisition represents an attractive opportunity for the Group expand into the business of residential rooftop solar project. Thus the Directors (including the independent non-executive Directors) are of the view that the Sale and Purchase Agreement and the transaction contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE GROUP, THE TARGET GROUP, THE VENDORS AND THE ULTIMATE HOLDERS

Information about the Group

The Group is principally engaged in the manufacture and sales of solar wafers and related products and provision of processing services for solar products.

Information about the Target Group

Forum (Asia) is a newly incorporated company with a total issued share capital of HK\$1,000 as at the date of this announcement and has no historical financial records. Forum (Asia) will establish a wholly-owned subsidiary (the “**Project Company**”) in the PRC for the development of residential rooftop solar projects in the PRC. As at the date of this announcement, Forum (Asia) has entered into separate cooperation framework agreements (the “**Cooperation Agreements**”) with several PRC companies (the “**PRC Distributors**”) which are mainly engaged in the distribution of photovoltaic power generation systems in the PRC. Pursuant to the Cooperation Agreements, the PRC Distributors shall be responsible for the distribution of the photovoltaic power generation systems of Forum (Asia) and the Project Company, representing not less than 3.4 MW and a total sales revenue of not less than RMB24 million during the distribution period commencing from 31 October 2016 to 31 December 2017. It is currently expected that the Target Group will complete approximately 15MW downstream residential solar projects for the 12 months ending 31 December 2017, and no less than 77MW for the 36 months ending 31 December 2019.

As at the date of this announcement, Forum Asia was held as to 98.5% by On Board and as to 1.5% by United Concord.

Information about the Vendors and the Ultimate Holders

On Board is an investment holding company wholly-owned by Ms. Yuan. Ms. Yuan has extensive experience in the downstream solar business. She has served in Foshan Qizhi Photoelectricity Co., Ltd.* (佛山旗幟光電有限公司) (“**Foshan Qizhi**”) since 2012 and is currently the chairman of the board of directors of Foshan Qizhi, a PRC company principally engaged in the sales of photovoltaic materials, which recorded a revenue of approximately RMB490 million for the year ended 31 December 2015. Ms. Yuan is also a co-founder of Guangdong Nankong Photoelectricity Co., Ltd.* (廣東南控電力有限公司) (“**Guangdong Nankong**”), a PRC company principally engaged in the development of rooftop solar projects since the second half of 2015. Leverage on her extensive industrial experience, Ms. Yuan is familiar with every link of the industry and enjoys enriched resources in both supplier and customer ends.

United Concord is an investment holding company wholly-owned by Mr. Xing. Mr. Xing has extensive experience in the downstream solar business. He has served in Foshan Qizhi since 2012 and is currently the general manager of Foshan Qizhi. Mr. Xing is also a co-founder of Guangdong Nankong. Leverage on her extensive industrial experience, Mr. Xing is familiar with every link of the industry and enjoys enriched resources in both supplier and customer ends.

Upon the Completion, the Company will further expand into residential rooftop solar projects through Forum (Asia) and the Project Company. The Group plans to retain the Ultimate Holders as the senior management of Forum (Asia) to oversee its downstream residential solar business, subject to the Board's decision and approval on such appointment(s) and the parties entering into the relevant service agreement(s). Each of the Ultimate Holders has undertaken to the Company that, among other things, upon the Completion, neither Foshan Qizhi nor Guangdong Nankong will be engaged in any business which may, directly or indirectly, compete that of the Group, and for so long as the Group is engaged in the downstream solar business or he remains an employee, director or shareholder of the Company, he will not be engaged in any downstream solar business or otherwise compete with that of the Group except for their remaining equity interest in Forum (Asia).

EFFECT ON SHAREHOLDING STRUCTURE

For illustration purpose only, assuming the consideration payable by the Company for the Proposed Acquisition shall be equal to the Maximum Consideration and shall be paid in full by the issue and allotment of the Consideration Shares, the shareholding structure of the Company immediately before and after the issue of the Consideration Shares is summarised as follows (*Note 1*):

	As at the date of this announcement		Immediately after completion of the issue of the Consideration Shares	
	No. of Shares	%	No. of Shares	%
Mr. Zhang (<i>Note 2</i>)	624,283,550	40.37	624,283,550	36.44
Harmony Gold Venture Corp	154,651,306	10.00	154,651,306	9.03
Shares held by the Vendors:				
On Board	—	—	163,868,007	9.57
United Concord	—	—	2,611,442	0.15
Other Public Shareholders	<u>767,578,200</u>	<u>49.63</u>	<u>767,578,200</u>	<u>44.81</u>
Total	<u>1,546,513,056</u>	<u>100.00</u>	<u>1,712,992,505</u>	<u>100.00</u>

Notes:

- (1) The table above assumes no Shares will be issued pursuant to the share option scheme of the Company between the date of this announcement and the Completion.

- (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 which are beneficially owned by Mr. Alan Zhang, Mr. Zhang's child under the age of 18, as beneficiary of Zhang Trusts For Descendants, which is an irrevocable trust set up by Mr. Zhang for the benefit of his descendants and of which J.P. Morgan Trust Company of Delaware is the trustee.

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

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 8 July 2016, the Company entered a subscription agreement with Shanghai Hengqu Internet Technology Co., Ltd.* (上海恒渠互聯網科技有限公司) (the “**Subscriber**”), pursuant to which the Company has conditionally agreed to allot and issue 154,651,306 subscription shares at a subscription price of HK\$0.46 per Share to the Subscriber or its designated nominee. The subscription has been completed on 18 August 2016 with the 154,651,306 subscriptions shares allotted and issued to Harmony Gold Venture Corp, a wholly-owned subsidiary of the Subscriber, generating the net proceeds of approximately HK\$70.4 million, representing a net subscription price of HK\$0.45 per subscription share, which was expected to be used for any investment opportunity to be identified by the Group and as general working capital of the Group. As at the date of this announcement, a total amount of HK\$35.2 has been used as working capital of the Group and it is expected that the remaining HK\$35.2 will be used for any investment opportunity to be identified by the Group and as general working capital of the Group. Please refer to the announcements of the Company dated 8 July 2016 and 18 August 2016 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.

SPECIFIC MANDATE

The Consideration Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the EGM to allot and issue the Consideration Shares to On Board and United Concord pursuant to the Sale and Purchase Agreement.

EGM

The EGM will be held to consider and, if thought fit, to approve, among others, the Sale and Purchase Agreement and the Specific Mandate for the issue of the Consideration Shares. A circular containing, among others, further details about the Sale and Purchase Agreement and the proposed grant of the Specific Mandate together with a notice convening the EGM, is currently expected to be despatched to the Shareholders no later than 5 December 2016.

APPLICATIONS FOR LISTING

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

As completion of the Proposed Acquisition is subject to fulfilment of certain conditions precedent under the Sale and Purchase Agreement and the Proposed Acquisition may or may not proceed, Shareholders and potential investors of the Company are urged to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Comtec Solar Systems Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange;
“Completion”	completion of the Proposed Acquisition;
“Completion Date”	the date on which the Completion takes place;
“connected person”	has the meaning ascribed thereto under the Listing Rules;
“Consideration Shares”	such number of Shares equal to the amount of the relevant Instalment divided by the Issue Price and rounded to the nearest even number;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the Specific Mandate;
“Forum (Asia)”	Forum (Asia) Limited, a company incorporated in Hong Kong and owned as to 98.5% and 1.5% by On Board and United Concord, respectively, as at the date of this announcement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	person or company who or which is not a connected person of the Company;
“Issue Price”	HK\$0.355 per Consideration Share;
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange;

“Mr. Xing”	Mr. Xing Shiyang (刑時陽), an Independent Third Party, as at the date of this announcement;
“Mr. Zhang”	Mr. John Yi Zhang, an executive Director and a controlling Shareholder of the Company as at the date of this announcement;
“Ms. Yuan	Ms. Yuan Jing (袁靜), an Independent Third Party, as at the date of this announcement;
“On Board”	On Board International Investment Limited, a company incorporated in the British Virgin Islands and wholly-owned by Ms. Yuan;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Proposed Acquisition”	the proposed acquisition of 51% of the entire issued share capital of Forum (Asia) by the Company from the Vendors;
“RMB”	Renminbi, the lawful currency of PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement entered into by and among the Company, Forum (Asia), the Vendors and the Ultimate Holders dated 14 November 2016;
“Sale Shares”	510 shares of Forum (Asia) held by the Vendors, among which 502 are held by On Board and 8 are on held by United Concord, representing 51% of the entire issued share capital of Forum (Asia) as of the date of this announcement;
“Share(s)”	ordinary shares of HK\$0.001 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Group”	Forum (Asia) and its subsidiaries (if any);
“Ultimate Holders”	Ms. Yuan and Mr. Xing;
“United Concord”	United Concord Investment Holdings Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Xing
“Vendors”	On Board and United Concord; and

“%”

per cent.

By order of the board of
Comtec Solar Systems Group Limited
John Yi ZHANG
Chairman

Shanghai, the People's Republic of China, 14 November 2016

As at the date of this announcement, the executive Directors are Mr. John Yi Zhang, Mr. Chau Kwok Keung and Mr. Zhang Zhen, the non-executive Directors are Mr. Donald Huang and Mr. Wang Yixin, and the independent non-executive Directors are Mr. Leung Ming Shu, Mr. Kang Sun and Mr. Daniel DeWitt Martin.