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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)

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

THE SUBSCRIPTION

On 20 June 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 for, at a subscription price of HK\$0.055 per Subscription Share, 270,000,000 Subscription Shares, representing (i) approximately 12.87% of the existing issued share capital of the Company, and (ii) approximately 11.40% 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 net proceeds from the Subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$14.65 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 20 June 2019 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, 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, the Subscription Shares at a subscription price of HK\$0.055 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 AGREEMENT

Date

20 June 2019

Parties to the Subscription Agreement

Issuer: the Company

Subscriber: the Subscriber, an independent third party

Subscription Shares

The Subscriber will subscribe for 270,000,000 Subscription Shares, representing (i) approximately 12.87% of the existing issued share capital of the Company, and (ii) approximately 11.40% of the issued share capital of the Company as enlarged by the Subscription.

Subscription Price

The Subscription Price of HK\$0.055 per Subscription Share was arrived at after arm's length negotiation between the Company and the Subscriber.

The Subscription Price represents:

- (i) a discount of approximately 17% to the closing price of HK\$0.066 per Share as quoted on the Stock Exchange on 20 June 2019, being the last trading day before the date of the Subscription Agreement;

- (ii) a discount of approximately 19% to the average closing price of HK\$0.068 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to 20 June 2019; and
- (iii) a discount of approximately 19% to the average closing price of HK\$0.068 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to 20 June 2019.

The Directors are of the opinion that the Subscription Price is fair and reasonable and is in the best interest of the Company and the Shareholders.

Ranking

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

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

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 the 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 biomedical, renewable energy and new retail sectors.

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

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\$14.65 million, representing approximately a net subscription price of HK\$0.054 per Share. The Directors intend to use the net proceeds for the Group's development, construction and investment of downstream projects.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

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

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 Shares at a subscription price of HK\$0.055 per Share to Sun Winning Limited; and (ii) a subscription agreement with Mr. Hong Guorong (洪國榮)*, pursuant to which the Company has conditionally agreed to allot and issue 72,727,273 Shares at a subscription price of HK\$0.055 per Share to Hong Guorong (洪國榮)* (together, the "**Other Subscriptions**"). As at the date of this announcement, the

Other Subscriptions have not been completed. The Directors intend to use the net proceeds from the Other Subscriptions as general working capital of the Group. Please refer to the announcement of the Company dated 19 June 2019.

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	
	<i>No. of Shares</i>	<i>% (approx.)</i>	<i>No. of Shares</i>	<i>% (approx.)</i>
Mr. John Yi Zhang (<i>Note 2</i>)	624,283,550	29.76	624,283,550	26.37
Mr. Zhang Zhen (<i>Note 3</i>)	107,627,076	5.13	107,627,076	4.55
The Subscriber	0	0	270,000,000	11.40
Public shareholders	<u>1,365,792,954</u>	<u>65.11</u>	<u>1,365,792,954</u>	<u>57.68</u>
Total	<u>2,097,703,580</u>	<u>100.00</u>	<u>2,367,703,580</u>	<u>100.00</u>

Notes:

- (1) The table above assumes no Shares will be issued pursuant to the share option schemes of the Company between the date of this announcement and the completion of the Subscription.
- (2) As at the date of this announcement, Mr. Zhang is the sole shareholder of Fonty and is therefore deemed to be interested in the 576,453,844 Shares held by Fonty. Mr. Zhang is also deemed to be interested in 47,829,706 Shares owned by Zhang Trusts For Descendants as the founder of the trust.
- (3) As at the date of this announcement, Zhang Zhen is the sole shareholder of True Joy Renewable and is therefore deemed to be interested in 107,627,076 Shares held by True Joy Renewable.

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

GENERAL MANDATE

The Subscription Shares will be allotted and issued pursuant to the General Mandate and is not subject to Shareholders' approval. The maximum number of Shares that can be issued under the General Mandate is 419,540,716 new Shares, being 20% of the number of issued Shares as at the date of the annual general meeting of the Company on 30 May 2018. As of the date of this announcement, no Shares have been allotted and issued under the General Mandate. As such, the issue of the Subscription Share the Subscription is not subject to the approval by the Shareholders. The General Mandate will be utilized as to approximately 64.36% upon allotment and issue of all the Subscription Shares without taking into account any issuance of Shares pursuant to the Other Subscriptions. Assuming that the Other Subscriptions will have been completed before the completion of the Subscription, the General Mandate will be utilized as to approximately 99.03% 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 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 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 30 May 2018 to allot, issue and deal with up to 419,540,716 new Shares, being 20% of the number of issued Shares as at the date of that annual general meeting;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“independent third party(ies)”	person or company who or which is not a connected person of the Company;

“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. John Yi Zhang”	Mr. John Yi Zhang, an executive Director and a substantial Shareholder which is interested in 624,283,550 Shares, representing approximately 29.76% of the issued share capital of the Company as at the date of this announcement;
“Mr. Zhang Zhen”	Mr. Zhang Zhen, an executive Director and chief executive officer of the Group, who is interested in 107,627,076 Shares, representing approximately 5.13% of the issued share capital of the Company as at the date of this announcement;
“PRC”	the People’s Republic of China;
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Mr. Dai Ji (戴驥), 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 20 June 2019 entered into between the Company and the Subscriber;
“Subscription Price”	HK\$0.055 per Subscription Share;
“Subscription Shares”	the 270,000,000 Shares to be allotted and issued by the Company for subscription by the Subscriber;

“True Joy Renewable” True Joy Renewable Limited, a company incorporated in the British Virgin Islands with limited liability which is 100% beneficially owned by Mr. Zhang Zhen;

“%” per cent.

* *For identification purpose only.*

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

Hong Kong, 20 June 2019

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. Wang Yixin, and the independent non-executive Directors are Mr. Leung Ming Shu, Mr. Kang Sun and Mr. Xu Erming.