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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)

**PLACING OF EXISTING SHARES HELD BY FONTY
AND SUBSCRIPTION FOR NEW SHARES BY FONTY**

Placing Agent



On 17 December 2012, after trading hours, Fonty, Mr. Zhang, the Company and the Placing Agent entered into the Placing and Subscription Agreement. Pursuant to the Placing and Subscription Agreement, the Placing Agent agrees to place, on a best efforts basis, the Placing Shares held by Fonty to independent placees at the Placing Price, and Fonty conditionally agreed to subscribe, and the Company agreed to allot and issue to Fonty, the Subscription Shares at the Subscription Price, being the same as the Placing Price.

Each of Fonty, Mr. Zhang and the Company has given certain undertakings to the Placing Agent which commences from the date of the Placing and Subscription Agreement until the expiry of 90 calendar days from the Placing Completion.

The Subscription is conditional upon, among other things, (i) completion of the Placing; and (ii) the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares.

Assuming 50,000,000 Shares are issued by the Company and subscribed for by Fonty pursuant to the Subscription, the net proceeds to be received by the Company from the Subscription will amount to approximately HK\$56 million.

I. PLACING AND SUBSCRIPTION AGREEMENT

Date

17 December 2012 (after trading hours)

Parties

- (i) Fonty, a controlling shareholder of the Company;
- (ii) Mr. Zhang;
- (iii) the Company; and
- (iv) CCBI (as placing agent of the Placing).

A. Placing

The Placing and Number of Placing Shares

The Placing Agent has agreed to place, on a best effort basis, up to 50,000,000 existing Shares owned by Fonty, representing (i) approximately 4.41% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.22% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares immediately after the completion of the Placing and the Subscription.

Placing Price

HK\$1.15 per Placing Share (exclusive of Hong Kong stamp duty, brokerage (if any), SFC transaction levy and Stock Exchange trading fee as may be payable by the placees) representing:

- (i) a discount of approximately 8% to the closing price of HK\$1.25 per Share quoted on the Stock Exchange on 17 December 2012, being the last trading day of the Shares immediately prior to and including the date of the Placing and Subscription Agreement;
- (ii) a discount of approximately 1.71% to the average closing price of the Shares of approximately HK\$1.17 per Share as quoted on the Stock Exchange from 11 December 2012 to 17 December 2012, both dates inclusive, being the last five trading days immediately prior to and including the date of this announcement; and
- (iii) a premium of approximately 1.77% to the average closing price of the Shares of approximately HK\$1.13 per Share as quoted on the Stock Exchange from 4 December 2012 to 17 December 2012, both dates inclusive, being the last ten trading days immediately prior to and including the date of this announcement.

The net Placing Price, after deduction of placing commission and all other fees and expenses, is HK\$1.13.

The Placing Price has been determined after arm's length negotiations between the parties. The Directors are of the opinion that the Placing Price is fair and reasonable and is in the best interest of the Company and its shareholders.

Placing Agent

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent of and not connected with Fonty or any person acting in concert with it (as defined in the Takeovers Code). They are also independent of the Company and not connected persons (as defined in the Listing Rules) to the Company.

The Placees

The Placing Agent has agreed to procure that there will be not less than six placees, being professional, institutional and/or other investors. The placees (and their beneficial owners) will be independent and not connected with Fonty or any person acting in concert with it (as defined in the Takeovers Code), and will also be independent of the Company and its connected persons (as defined in the Listing Rules). None of the placees will become a substantial shareholder (as defined in the Listing Rules) of the Company upon completion of the Placing.

Rights and Ranking of the Placing Shares

The Placing Shares will be sold free of any encumbrances and third-party rights and rank pari passu among themselves and with Shares in issue as at the date of this announcement.

Completion of Placing

Completion of the Placing is conditional upon the Placing and Subscription Agreement not having been rescinded in accordance with the terms therein.

Completion of the Placing shall take place on 20 December 2012 or such later date as Fonty and the Placing Agent shall agree.

Termination

The Placing Agent reserves its right to terminate the arrangements set out in the Placing and Subscription Agreement by notice in writing at any time on or prior to 20 December 2012, if there has come to the notice of the Placing Agent any of the following events, which would, in the reasonable opinion of the Placing Agent, prejudice the success of the Placing:

- (i) that any statement contained in this announcement was when this announcement was issued, or has become, untrue, incorrect or misleading in any material respect; or
- (ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this announcement, constitute an omission therefrom; or

- (iii) any material breach of the undertakings, warranties and representations set out in the Placing and Subscription Agreement; or
- (iv) any material breach of any of the obligations imposed upon any party to the Placing and Subscription Agreement (other than the Placing Agent); or
- (v) any of the undertakings, warranties and representations set out in the Placing and Subscription Agreement would not be true in any respect if given at that time; or
- (vi) any material adverse change in the business or in the financial or trading position or prospects of any member of the Group taken as a whole which is material in the context of the Placing; or
- (vii) if there develops, occurs, or comes into effect any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions; or
- (viii) if there develops, occurs, or comes into effect the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (ix) if there develops, occurs, or comes into effect any change in conditions of local, national or international securities markets occurs; or
- (x) if there develops, occurs, or comes into effect any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, or the People's Republic of China or any other jurisdiction relevant to the Company and/or its subsidiaries and if in the reasonable opinion of the Placing Agent any such new law or change would materially and adversely affect the business or financial prospects of the Group; or
- (xi) if there develops, occurs, or comes into effect the commencement by any state, governmental, judicial, regulatory or political body or organisation of any action against any director of the Company or any subsidiary of the Company or an announcement by any state, governmental, judicial, regulatory or political body or organisation that it intends to take any such action; or
- (xii) if there develops, occurs, or comes into effect a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or the People's Republic of China or elsewhere; or

- (xiii) if there develops, occurs, or comes into effect any litigation or claim of material importance of any third party being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group.

Lock-Up Undertakings

Each of Mr. Zhang and Fonty has undertaken to the Placing Agent that for a period commencing on the date of the Placing and Subscription Agreement until the expiry of 90 calendar days from the Placing Completion, both Mr. Zhang and Fonty will not and will procure that none of its affiliates will (without the prior written approval of the Placing Agent or save as otherwise permitted in the Placing and Subscription Agreement):

- (i) offer, lend, pledge, charge, issue, sell, mortgage, assign or grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital or other securities of the Company or any interest therein (including any securities that are convertible into or exchangeable for, or that represent the right to receive any such capital or securities or any interest therein);
- (ii) contract to do any transaction described in (i);
- (iii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein;
- (iv) enter into any transaction with the same economic effect as any transaction described in (i), (ii) or (iii) above; or
- (v) agree or contract to, or announce that Mr. Zhang, Fonty or their respective affiliates will or may enter into any transaction described in (i) to (iv) above.

The Company has also undertaken to the Placing Agent that for a period commencing on the date of the Placing and Subscription Agreement until the expiry of 90 calendar days from the Placing Completion, save:

- (i) for the subscription by Fonty for the Subscription Shares;
- (ii) pursuant to the exercise of conversion, exchange or subscription rights under the warrants, options, rights or securities of the Company which are in issue or outstanding as at the date of the Placing and Subscription Agreement;
- (iii) for any securities or rights issued or granted to shareholders of the Company by way of bonus or under any scrip dividend or similar arrangement providing for the allotment of securities in lieu of the whole or part of a dividend on shares of the Company in accordance with the its articles of association;

- (iv) any grant of options under the Company's employee share option scheme adopted on 2 October 2009; or
- (v) any issue of securities (including Shares or notes or bonds convertible into Shares) as the whole or part of the consideration of an acquisition transaction to be undertaken by the Company,

it will and will procure that no member of the Group will, (without the prior written approval of the Placing Agent):

- (a) issue any Shares or issue or grant any options, warrants, rights or securities convertible into or exchangeable for Shares or carrying rights to subscribe for Shares or interest in Shares;
- (b) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transaction described in (a); or
- (c) announce any intention to enter into or effect any transaction described in (a) or (b).

B. Subscription

Subscriber

Fonty

Number of Subscription Shares

Such number up to 50,000,000 new Shares as may be equivalent to the number of Placing Shares actually placed under the Placing, representing not more than (i) approximately 4.41% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.22% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares immediately after the completion of the Placing and the Subscription.

Subscription Price

HK\$1.15 per Subscription Share, which is equivalent to the Placing Price. The total subscription monies payable by Fonty to the Company will be the Subscription Price per Share (i.e. HK\$1.15) multiplied by the number of Subscription Shares less the placing commission and all other fees and expenses incurred by Fonty in relation to the Placing and the Subscription. The net Subscription Price, after deduction of fees and expenses, is HK\$1.13 per Subscription Share.

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 of the Subscription

Completion of the Subscription is conditional on:

1. completion of the Placing in accordance with the Placing and Subscription Agreement;
2. the Stock Exchange granting or agreeing to listing of and permission to deal in the Subscription Shares;
3. no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Subscription void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to the Subscription (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Company, Fonty and/or Mr. Zhang to proceed with the Subscription); and
4. if required by the SFC, the granting of a waiver to Fonty and persons acting in concert with it by the SFC pursuant to Note 6 on dispensations from the obligation to make a general offer for all Shares in issue under Rules 26 of the Takeovers Code.

Under Rule 14A.31(3)(d) of the Listing Rules, no approval from Shareholders is required in connection with the Placing and the Subscription if the Subscription is completed within 14 days from the date of the Placing and Subscription Agreement, that is, on or before 31 December 2012. If the conditions are not fulfilled on or before 31 December 2012, the Company and Fonty may elect, subject to compliance with all the requirements in relation to connected transaction under the Listing Rules (including obtaining Shareholders' approval where required), to postpone completion of the Subscription to a later date to be agreed between the Company and Fonty.

Completion of the Subscription

Completion of the Subscription will take place on the Business Day following the satisfaction of the conditions of Subscription and in any event no later than 31 December 2012.

Mandate to issue new Shares

The Subscription Shares will be issued pursuant to the general mandate granted to the Directors pursuant to a resolution passed by the Shareholders at the annual general meeting held on 22 June 2012, which authorised the Directors to allot and issue up to 226,778,000 Shares (representing 20% of the issued share capital of the Company as at such date).

The general mandate has not been utilised prior to entering into the Placing and Subscription Agreement.

II. EFFECT OF THE PLACING AND THE SUBSCRIPTION ON SHAREHOLDING STRUCTURE

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

	At the date of this Announcement		Immediately after completion of the Placing but before the Subscription (<i>Note 2</i>)		Immediately after completion of the Placing and the Subscription (<i>Note 2</i>)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Shares held by Directors						
Fonty and parties acting in concert with it (<i>Notes 3, 4</i>)	663,867,550	58.55	613,867,550	54.14	663,867,550	56.08
Mr. Chau Kwok Keung	1,230,139	0.11	1,230,139	0.11	1,230,139	0.10
Shares held by Public Shareholders						
Placing Shares	0	0.00	50,000,000	4.41	50,000,000	4.22
Other Shares	<u>468,792,311</u>	<u>41.34</u>	<u>468,792,311</u>	<u>41.34</u>	<u>468,792,311</u>	<u>39.60</u>
Total	<u><u>1,133,890,000</u></u>	<u><u>100.00</u></u>	<u><u>1,133,890,000</u></u>	<u><u>100.00</u></u>	<u><u>1,183,890,000</u></u>	<u><u>100.00</u></u>

Notes:

- (1) The table above assumes no Shares will be issued pursuant to the employee share option scheme of the Company between the date of this announcement and the New Warrants and the completion of the Placing and the Subscription.
- (2) Assuming all the 50,000,000 Placing Shares are placed.
- (3) Pursuant to the Takeovers Code, each of Fonty (a company 100% beneficially owned by Mr. Zhang), Mr. Zhang, his spouse and children under 18 are presumed to be acting in concert.
- (4) As at the date of this announcement, Fonty, which is 100% beneficially owned by Mr. Zhang, held 616,037,844 Shares. For the purposes of the SFO, 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 completion of the Placing and the Subscription.

III. REASONS FOR THE PLACING AND THE SUBSCRIPTION

In view of current capital market conditions, the Board considers that the Placing and the Subscription represent a good opportunity for the Company to raise further capital for the Company, while at the same time broadening its shareholder and capital base.

The Board (including the independent non-executive Directors) considers the terms of the Placing and Subscription Agreement, which have been negotiated on an arm's length basis in accordance with normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IV. USE OF PROCEEDS

The net proceeds from the Subscription is approximately HK\$56 million. It is intended that 50% of the net proceeds (equivalent to approximately HK\$28 million) will be used to meet capital expenditure of the Group and the other 50% (equivalent to approximately HK\$28 million) will be used as general working capital of the Group.

V. FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months from the date of this announcement.

VI. APPLICATION FOR LISTING

Application(s) will be made to the Stock Exchange for the grant of listing of and permission to deal in the Subscription Shares.

VII. DISPENSATIONS FROM RULE 26 OF THE TAKEOVERS CODE

Mr. Zhang is a Director and a controlling shareholder of the Company. Fonty is 100% beneficially owned by Mr. Zhang. Therefore, Mr. Zhang has confirmed that, as at the date of this announcement, Mr. Zhang and parties acting in concert with him (including Fonty and Mr. Zhang's spouse and child under the age of 18) have collectively been holding more than 50% of the issued share capital and voting rights of the Company continuously for more than 12 months immediately preceding the Placing and the Subscription.

As a result of the Placing, the aggregate percentage shareholding of Mr. Zhang and persons acting in concert with him will reduce from 58.55% to 54.14% (a decrease of approximately 4.41%) and as a result of the Subscription, their aggregate percentage shareholding will be increased from 54.14% to 56.08% (an increase of approximately 1.94%).

Pursuant to Note 6 on dispensations from Rule 26 of the Takeovers Code, a waiver under Rule 26 of the Takeovers Code is not required where a shareholder, together with persons acting in concert with him have continuously held more than 50% of the voting rights of a company for at least 12 months immediately preceding the relevant placing and top-up transaction. Given Fonty and persons acting in concert with it have continuously held more than 50% of the voting rights of the Company for the past 12 months immediately preceding the Placing and the Subscription, a waiver under Rule 26 of the Takeovers Code is not required for the Subscription.

VIII. DEFINITIONS

“Board”	means the board of Directors
“Business Day”	means any day (excluding Saturdays, Sundays and public holidays) on which commercial banks generally are open for business in Hong Kong
“Company”	Comtec Solar Systems Group Limited, an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“CCBI” or “Placing Agent”	CCB International Capital Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
“Director(s)”	the director(s) of the Company
“Fonty”	Fonty Holdings Limited, a limited liability company incorporated in the British Virgin Islands which is 100% beneficially owned by Mr. Zhang
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang”	Mr. John Zhang, an executive Director and a controlling shareholder of the Company who is interested in approximately 54.33% of the issued share capital of the Company under the SFO as at the date of this announcement
“New Warrants”	the 95,121,951 fully detachable and transferable warrants, exercisable for a period of four years from the date issue, as constituted by the warrant instrument executed by the Company and issued with the benefit of, and subject to, the terms and conditions set out therein entitling the holder to subscribe for up to HK\$117,000,000 Shares
“Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the Placing and Subscription Agreement
“Placing and Subscription Agreement”	the placing and subscription agreement dated 17 December 2012 entered into between Fonty, Mr. Zhang, the Company and the Placing Agent in relation to the Placing

“Placing Completion”	the completion of the Placing on the terms and subject to the conditions set out in the Placing and Subscription Agreement
“Placing Price”	HK\$1.15 per Placing Share
“Placing Shares”	up to 50,000,000 Shares to be placed under the Placing, which are currently held by Fonty
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of nominal value of HK\$0.001 each in the capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by Fonty at the Subscription Price pursuant to the Placing and Subscription Agreement
“Subscription Price”	HK\$1.15 per Subscription Share
“Subscription Shares”	up to 50,000,000 new Shares to be subscribed by Fonty at the Subscription Price under the Placing and Subscription Agreement and which shall be the same as the number of Placing Shares actually placed under the Placing and Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“trading day”	has the meaning ascribed to it in the Listing Rules

By order of the Board of
Comtec Solar Systems Group Limited
John Zhang
Chairman

Hong Kong, 18 December 2012

As at the date of this announcement, the executive Directors are Mr. John Zhang, Mr. Chau Kwok Keung and Mr. Shi Cheng Qi, the non-executive Director is Mr. Donald Huang, and the independent non-executive Directors are Mr. Leung Ming Shu, Mr. Kang Sun and Mr. Daniel DeWitt Martin.