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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
THE ENTIRE ISSUED SHARE CAPITAL OF JOY BOY**

THE PROPOSED ACQUISITION

Reference is made to the announcement of the Company dated 3 June 2016. The Board is pleased to announce that, on 7 July 2016 (after trading hours of the Stock Exchange), the Company, Joy Boy, the Vendors and the Ultimate Holders entered into the Sale and Purchase Agreement. The Company agreed to acquire the entire issued share capital of Joy Boy at a total maximum consideration of RMB130 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 all of the applicable percentage ratios do not exceed 25%, the Sale and Purchase Agreement and the transactions contemplated thereunder constitute discloseable transaction for the Company and are 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 31 August 2016.

As completion of the Proposed Acquisition is subject to fulfillment 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.

THE PROPOSED ACQUISITION

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SALE AND PURCHASE AGREEMENT

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

Date:

7 July 2016

Parties:

- (1) The Company;
- (2) Joy Boy, an independent third party;
- (3) the Vendors, each of which is an independent third party; and
- (4) the Ultimate Holders, each of whom is an independent third party.

Interest to be acquired:

The Company conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Sale Shares, representing 100% of the issued share capital of Joy Boy as of the date of this announcement. Upon Completion, Joy Boy will be held as to 100% by the Company or its nominee(s) and the financial results of Joy Boy will be consolidated into the financial results of the Company.

The Deposit

The Company shall pay RMB1 million to Joy Boy as an initial deposit (“**Deposit**”) on or prior to 3 October 2016. If the Company fails to consummate the Completion, the Company shall pay to Joy Boy 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 14 October 2016, Joy Boy shall promptly return the Deposit to the Company. The Company intends that the Deposit will be injected into Joy Boy as share capital upon Completion. Accordingly, upon the Completion, Joy Boy 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 RMB130 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 Joy Boy in accordance with International Financial Reporting Standards and as approved by the Company (“**Profit Before Tax**”) for the 36 months ending 30 June 2019 and paid in three instalments as set out as follows:

No. of Instalment	Amount Payable	Payment Date
First Instalment	Maximum Consideration × (Profit Before Tax for the twelve month period ending 30 June 2017) ÷ RMB80,000,000	The Company shall pay the First Instalment to the Vendors in equal halves within 60 Business Days after 30 June 2017.
Second Instalment	Maximum Consideration × (Profit Before Tax for the twenty four month period ending 30 June 2018) ÷ RMB80,000,000 – the First Instalment	The Company shall pay the Second Instalment to the Vendors in equal halves within 60 Business Days after 30 June 2018.
Third Instalment	Maximum Consideration × (Profit Before Tax for the thirty six month period ending 30 June 2019) ÷ RMB80,000,000 – the First Instalment – the Second Instalment	The Company shall pay the Third Instalment to the Vendors in equal halves within 60 Business Days after 30 June 2019.

The First Instalment, Second Instalment and the Third 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 of the Consideration Shares

The Issue Price of HK\$0.46 per Consideration Share was arrived at after arm’s length negotiation between the Company and the Subscribers based on a 9.8% discount to 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 328,118,768 Consideration Shares will be allotted and issued by the Company, representing approximately 23.57% of the issued share capital of the Company as at the date of this announcement and approximately 19.08% of the issued share capital of the Company as enlarged by the Consideration Shares.

The Issue Price represents:

- (i) a discount of approximately 9.8% to the closing price of HK\$0.51 per Share as quoted on the Stock Exchange on 6 July 2016, being the last trading day before the date of the Sale and Purchase Agreement;
- (ii) a discount of approximately 8.2% to the average closing price of HK\$0.501 per Share as quoted on the Stock Exchange for the last five trading days up to 6 July 2016; and
- (iii) a discount of approximately 8.1% to the average closing price of HK\$0.5005 per Share as quoted on the Stock Exchange for the last ten trading days up to 6 July 2016.

The Directors are of the opinion that the Maximum Consideration and Issue Price are fair and reasonable and are on normal commercial terms. 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 mid-point of the range of fair market value of the Target Group, which amounted to RMB133 million, as indicated in a preliminary valuation report prepared by an independent professional valuer and the targeted Profit Before Tax of RMB80 million for the 36 months ending 30 June 2019.

Conditions Precedent:

Pursuant to the Sale and Purchase Agreement, the Completion shall be subject to fulfillment of the following conditions on or before 3 October 2016:

- (a) the Company having paid the Deposit to Joy Boy 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 of the Company, 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 of the Company 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) 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. The Company intends to explore 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 downstream solar project development. 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

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

The Target Group is principally engaged in the provision of project development services and the development of downstream solar power projects in the PRC. As of the date of this announcement, the Target Group has entered into cooperation agreement with a PRC company engaged in the downstream solar business in the PRC for the development of 70MW downstream solar projects. It is currently expected that the Target Group will complete approximately 70MW downstream solar projects for the 12 months ending 30 June 2017, and no less than 300MW for the 36 months ending 30 June 2019.

True Joy is an investment holding company wholly-owned by Mr. Zhang Zhen. Mr. Zhang Zhen has extensive experience in the downstream solar business and served as the president and co-founder of Enfinity HK Development Ltd. (“**Enfinity HK**”) for its operation of downstream solar business in the PRC since 2008. Enfinity HK is part of the group of Enfinity NV, a private company headquartered in Belgium and specialized in solar PV solutions for the residential and commercial market. Enfinity NV is principally engaged in the development, financing and sale of integrated solar installations.

EJoy is an investment holding company wholly-owned by Mr. Tang Huantong. Mr. Tang Huantong has extensive experience in the downstream solar business. Mr. Tang Huantong served as the executive vice-president of Jotion Solar China Co., Ltd.* (中建材浚鑫科技股份有限公司), a company principally engaged in providing customers with sustainable solutions involving solar cells, solar modules and solar power plants, and was responsible for the solar module business and downstream solar business for the period commencing from 2009 to 2015.

Upon the Completion, the Company intends to expand into downstream solar business through Joy Boy and the Ultimate Holders will be appointed as senior management of the Group to oversee the Group’s downstream solar business. Each of the Ultimate Holders has undertaken to the Company that, among other things, upon the Completion, for so long as the Group is engaged in the downstream solar business or he remains an employee, director or shareholder of the Company (whichever is later), he will not be engaged in any downstream solar business or otherwise compete with the Group.

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 summarized 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	44.85	624,283,550	36.30
Shares held by the Vendors				
True Joy	—	—	164,059,384	9.54
EJoy	—	—	164,059,384	9.54
Public Shareholders	<u>767,578,200</u>	<u>55.15</u>	<u>767,578,200</u>	<u>44.62</u>
Total	<u>1,391,861,750</u>	<u>100.00</u>	<u>1,719,980,518</u>	<u>100.00</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 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

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 True Joy and EJoy 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 31 August 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 fulfillment 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;
“EJoy”	EJoy Renewable Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Tang Huantong;

“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\$0.46 per Consideration Share;
“Joy Boy”	Joy Boy HK Limited, a company incorporated in Hong Kong and owned as to 50% and 50% by True Joy and EJoy, respectively;
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange;
“Mr. Tang Huantong”	Mr. Tang Huantong (唐歡童), an independent third party;
“Mr. Zhang”	Mr. John Yi Zhang, an executive Director and a substantial Shareholder which is interested in 624,283,550 Shares, representing approximately 44.85% of the issued share capital of the Company as at the date of this announcement;
“Mr. Zhang Zhen”	Mr. Zhang Zhen (張楨), an independent third party;
“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 100% of the issued share capital of Joy Boy 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, Joy Boy, the Vendors and the Ultimate Holders dated 7 July 2016;
“Sale Shares”	2 shares of Joy Boy held by the Vendors, representing the entire issued share capital of Joy Boy 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”	Joy Boy and its subsidiaries;

“True Joy”	True Joy Renewable Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Zhang Zhen;
“Ultimate Holders”	Mr. Zhang Zhen and Mr. Tang Huantong;
“Vendors”	True Joy and EJoy;
“%”	per cent.

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

Shanghai, the People’s Republic of China, 7 July 2016

As at the date of this announcement, the executive Directors are Mr. John Yi Zhang and Mr. Chau Kwok Keung, 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.