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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 GENERAL MANDATE

On 29 September 2022 (after trading hours), the Company entered into the Subscription Agreements, with the Subscribers, all being Independent Third Parties, whereby the Subscribers conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue an aggregate of 155,414,011 Subscription Shares at the Subscription Price of HK\$0.157 each.

The Subscription Shares represent approximately 19.63% of the total number of Shares in issue as at the date of this announcement and approximately 16.41% of the total number of Shares in issue and as enlarged by the allotment and issue of the Subscription Shares, assuming that there will be no changes in the issued share capital of the Company between the date of this announcement and the date of allotment and issue of the Subscription Shares. The Subscription Price of HK\$0.157 per Subscription Shares represents: (i) a discount of approximately 11.30% to the closing price of HK\$0.177 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a discount of approximately 19.49% over the average closing price of HK\$0.195 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of this announcement.

Upon completion of the First Subscription Agreement, the Second Subscription Agreement and the Third Subscription Agreement, the First Loan outstanding under the Loan Facility, the Second Loan and the Third Loan shall be deemed to have been fully repaid and the Company shall be released from its obligations in respect of each of the First Loan, the Second Loan and the Third Loan. The cash proceeds raised from the Third Subscription Agreement will be HK\$6,020,000 and the net cash proceeds, after deduction of the relevant expenses, will be approximately HK\$5,620,000. The Company intends to apply all the net proceeds from the Third Subscription for the repayment of the Group's borrowings and amounts payable.

The Subscription Shares will be allotted and issued under the General Mandate.

Since completion of each of the Subscription Agreements is subject to the fulfilment of the conditions precedent respectively thereunder, the transactions contemplated under each of the Subscription Agreements may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENTS

On 29 September 2022, the Board is pleased to announce that (after trading hours of the Stock Exchange), the Company and each of the Subscribers, each an Independent Third Party, entered into the Subscription Agreements, respectively, pursuant to which each of the First Subscriber, the Second Subscriber and the Third Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 46,178,343 First Subscription Shares, 63,694,267 Second Subscription Shares and 45,541,401 Third Subscription, respectively or an aggregate of 155,414,011 Subscription Shares, at the Subscription Price of HK\$0.157 each.

The subscription amount payable under each Subscription Agreement shall be satisfied by:

1. the First Subscriber by capitalising an outstanding loan of HK\$7,250,000 owing by the Company to the First Subscriber;
2. the Second Subscriber by capitalising an outstanding loan of HK\$10,000,000 owing by the Company to the Second Subscriber; and
3. the Third Subscriber by capitalising the outstanding loan of HK\$1,130,000 owing by the Company to the Third Subscriber and cash payment of HK\$6,020,000 at completion of the Third Subscription Agreement.

Each of the Subscription Agreements is not inter-conditional upon each other.

Principal terms of the First Subscription Agreement

Date: 29 September 2022 (after trading hours)

Parties: (i) the Company, as issuer; and
(ii) the First Subscriber

On 7 May 2021, the Company and the First Subscriber entered into a loan facility agreement (the “**Loan Facility Agreement**”) in the principal amount of US\$2,500,000 (the “**Loan Facility**”) for the purpose of settling payables of the Group and the outstanding amount of such loan (together with accrued interest) amounted to approximately HK\$18,000,000 as at the date of this announcement. The Loan Facility is unsecured and is available for drawdown for a period of two (2) years from the date of the Loan Facility Agreement. Each drawdown is repayable within three (3) months from the date of drawdown (or a longer period agreed by both parties) or on demand and is subject to an interest rate of 15% per annum.

In consideration of the First Subscriber agreeing to partially capitalise the outstanding amounts under the Loan Facility in an amount of HK\$7,250,000 (the “**First Loan**”), the Company conditionally agreed to allot and issue to the First Subscriber (or its nominee, which will be a company wholly-owned or ultimately beneficially controlled by the First Subscriber) and the First Subscriber conditionally agreed to subscribe for 46,178,343 First Subscription Shares at the Subscription Price.

Upon completion of the First Subscription Agreement, the First Loan outstanding under the Loan Facility shall be deemed to have been fully repaid and the Company shall be released from its obligations in respect of the First Loan.

Principal terms of the Second Subscription Agreement

Date: 29 September 2022 (after trading hours)

Parties: (i) the Company, as issuer; and
(ii) the Second Subscriber

On 18 November 2020, the Company and the Second Subscriber entered into a loan agreement in the principal amount of HK\$12,000,000 for the purpose of financing the Group’s general working capital and the outstanding amount of such loan (together with accrued interest and handling fees) amounted to approximately HK\$10,000,000 (the “**Second Loan**”) as at the date of this announcement. The Second Loan is repayable by 4 December 2020.

In consideration of the Second Subscriber agreeing to capitalise the Second Loan, the Company conditionally agreed to allot and issue to the Second Subscriber (or its nominee, which will be a company wholly-owned or ultimately beneficially controlled by the Second Subscriber), and the Second Subscriber conditionally agreed to subscribe for 63,694,267 Second Subscription Shares at the Subscription Price.

Upon completion of the Second Subscription Agreement, the Second Loan shall be deemed to have been fully repaid and the Company shall be released from its obligations in respect of the Second Loan.

Principal terms of the Third Subscription Agreement

Date: 29 September 2022 (after trading hours)

Parties: (i) the Company, as issuer; and

(ii) the Third Subscriber

On 29 January 2021, the Company through its wholly-owned subsidiary and the Third Subscriber entered into a loan agreement in the principal amount of HK\$1,000,000 for the purpose of financing the Group's general working capital (the "**Third Loan**") and the outstanding amount of the Third Loan (together with accrued interest) amounted to approximately HK\$1,130,000 as at the date of this announcement. The Third Loan is repayable by 28 February 2021 and is subject to an interest rate of 10% per annum.

The Company conditionally agreed to allot and issue to the Third Subscriber (or its nominee, which will be a company wholly-owned or ultimately beneficially controlled by the Third Subscriber), and the Third Subscriber conditionally agreed to subscribe for 45,541,401 Third Subscription Shares at the Subscription Price. The subscription amount payable by the Third Subscriber under the Third Subscription Agreement shall be satisfied by capitalising the outstanding loan of HK\$1,130,000 owing by the Company to the Third Subscriber and cash payment of HK\$6,020,000 at completion of the Third Subscription Agreement.

Upon completion of the Third Subscription Agreement, the Third Loan shall be deemed to have been fully repaid and the Company shall be released from its obligations in respect of the Third Loan.

The cash proceeds raised from the Third Subscription will be HK\$6,020,000 and the net cash proceeds, after deduction of the relevant expenses, will be approximately HK\$5,620,000. The Company intends to apply all the net proceeds from the Third Subscription for the repayment of Group's borrowings and amounts payable.

Conditions precedent to the respective Subscription Agreements

Completion of the respective Subscription Agreements is conditional upon the following conditions being satisfied or waived (as the case may be):

- (1) listing of and permission to deal in the Subscription Shares to the respective Subscribers being granted by the Listing Committee (and such permission and listing not subsequently being revoked prior to Completion);
- (2) the Shares remaining listed and traded on the Stock Exchange, and no queries or opposition being received or anticipated to be received from the Stock Exchange on the listing status of the Company;

- (3) the parties to each of the Subscription Agreement having obtained all necessary consents, approvals and permission (if applicable) from the relevant organisations, regulatory bodies, government authorities (including the Stock Exchange) as may be required to be obtained in respect of the transactions contemplated under the respective Subscription Agreements;
- (4) the warranties given by the Company under the respective Subscription Agreement remaining true, accurate, complete and correct in all material respects and not misleading in any respect up to Completion; and
- (5) the warranties given by the respective Subscribers under the respective Subscription Agreement(s) remaining true, accurate, complete and correct in all material respects and not misleading in any respect up to Completion.

For each of the Subscription Agreements, save for condition (4) which is capable of being waived by the Subscriber(s) and which condition (5) is capable of being waived by the Company, none of the above-mentioned conditions is waivable. In the event that not all the conditions having been fulfilled on or before the Long Stop Date for the respective Subscription Agreements, the respective Subscription Agreements shall terminate and none of the parties to the Subscription Agreements shall have any claim or liability or obligation to the other party save in respect of any antecedent breach.

Completion of the Subscription Agreements shall take place on the fifth Business Day after the fulfilment of all the conditions precedent (or such other date to be agreed by the respective parties to the Subscription Agreements).

Each of the Subscription Agreements is not inter-conditional upon each other.

INFORMATION OF THE SUBSCRIBERS

The First Subscriber

The First Subscriber, China Success Investment Group Limited (“**China Success Investment Group**”) is a company incorporated in the BVI with limited liability and is controlled by Mr. Chang Loong Cheong (張龍翔) (“**Mr. Chang**”). To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, the First Subscriber is an Independent Third Party.

China Success Investment Group (中盛投資集團) was founded by Mr. Chang in 2015. It is a private investment group with investment focus in various industries, including but not limited to green energy, finance and information technology, healthcare and telecommunications, and a substantial shareholder of a Qualified Domestic Limited Partnership (QDLP) in the PRC.

Mr. Chang is currently the chairman and director of China Success Investment Group and the QDLP private equity fund management company. Mr. Chang previously acted as a director of, and held senior positions and/or senior advisory capacity in, several renowned enterprises including companies listed on the Stock Exchange, New York Stock Exchange and Shanghai Stock Exchange. Mr. Chang has extensive experience in the shipping logistics, cultural tourism and real estate, financial and information technology, telecommunication infrastructure and green energy industries.

The Second Subscriber

The Second Subscriber, Mr. Wu Jun (吳俊) (“**Mr. Wu**”) is an individual investor. To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, the Second Subscriber is an Independent Third Party.

Mr. Wu has extensive experience in the logistics and digital supply chain industries in the PRC. He is the chief executive officer of China Digital Development Group Co., Limited (中國數字發展集團有限公司) and also the founder and chairman of Cata Logistics Group Limited (車聯天下物流集團有限公司), a renowned internet logistics (互聯網物流) group in the PRC. He also holds various directorships and senior positions in a number of State-owned enterprises as well as representatives of various associations (中共常州市天寧區第十一次黨員代表大會代表、常州市工商業聯合會第十六屆常委會常委、常州市青年聯合會第十二屆委員會委員、常州市天寧區工商業聯合會副主席、天寧經濟開發區第一次議政代表大會代表、常州市天寧區數字經濟產業商會會長).

In 2019, Mr. Wu was awarded the title of “National Positive and Kind Youth” by the Central Committee of the Communist Youth League. At the same time, Mr. Wu was awarded: Jiangsu Good Youth (江蘇好青年), Person of the Year of School of Business of Nanjing University (南京大學商學院年度人物), Changzhou May 1st Labor Medal (常州市五一勞動獎章), Changzhou Good Man (常州好人), Outstanding Communist Party Member in Tianning District, Changzhou City (常州市天寧區優秀共產黨員), Tianning Striver (天寧奮鬥者), Top Ten Outstanding Youths in Tianning District (天寧區十大傑出青年) and other honors title.

The Third Subscriber

The Third Subscriber, Ms. Zhao Xiaoqun (趙曉群) (“**Ms. Zhao**”) is an individual investor. To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, the Third Subscriber is an Independent Third Party.

Ms. Zhao has substantial experience in the mould processing industry and is currently serving as a director and the chairlady of the board of directors of Dongguan Chitwing Technology Co., Ltd (東莞捷榮技術股份有限公司), a company specialising in the research and development, production and design of precision components and moulds and listed on the Shenzhen Stock Exchange (stock code: 002855)

SUBSCRIPTION SHARES AND SUBSCRIPTION PRICE

The Subscription Shares

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the completion of the three Subscription Agreements, each of the 46,178,343 First Subscription Shares, 63,694,267 Second Subscription Shares and 45,541,401 Third Subscription Shares and the total of which (i.e. 155,414,011 Subscription Shares) which may be allotted and issued under the Subscription Agreements represent (i) approximately 5.83%, 8.05%, 5.75% and a total of 19.63% of the existing number of issued Shares as at the date of this announcement; and (ii) approximately 4.88%, 6.73%, 4.81% and a total of 16.41% of the number of issued Shares as enlarged by the allotment and issue of all the Subscription Shares respectively.

The aggregate nominal value of the Subscription Shares is approximately HK\$621,656.

The Subscription Price

The Subscription Price of HK\$0.157 per Subscription Share:

- (i) represents a discount of approximately 11.30% to the closing price of HK\$0.177 per Share as quoted on the Stock Exchange on the date of this announcement; and
- (ii) represents a discount of approximately 19.49% over the average of the closing price of HK\$0.195 per Share quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of this announcement.

The Subscription Price was arrived at after arm's length negotiations between the Company and each of the Subscribers with reference to the prevailing market prices of the Shares as well as current market condition. The Directors considers that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net issue price, after deduction of relevant expenses, is estimated to be approximately HK\$0.154 per Subscription Share.

Ranking of the Subscription Shares

The Subscription Shares when fully paid, allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of their allotment and issue.

Application for listing

An application will be made by the Company to the Listing Committee for the grant of the listing of, and permission to deal in, the Subscription Shares.

General Mandate

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM held on 30 June 2021, subject to the limit of 155,657,700 Shares (representing 20% of the number of Shares in issue on the date which the General Mandate was granted), therefore, the allotment and issue of the Subscription Shares are not subject to the approval of the Shareholders. Up to the date of this announcement, the General Mandate has not been utilised.

The First Subscription Shares, the Second Subscription Shares and the Third Subscription Shares to be allotted and issued will utilise approximately 29.67%, 40.92% and 29.26% of the General Mandate respectively or in aggregate 99.84% of the General Mandate.

FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company did not conduct any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 791,709,002 Shares in issue. Assuming there will be no further changes in the issued share capital of the Company between the date of this announcement and immediately prior to the allotment and issue of the Subscription Shares in full, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the 155,414,011 Subscription Shares in full, are set out as below for illustration purposes only:

Shareholders	Shareholding as at the date of this announcement		Shareholding immediately after the allotment and issue of the Subscription Shares in full	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. John Yi Zhang (<i>Note</i>)	142,470,887	18.00	142,470,887	15.04
Mr. Dai Ji	67,500,000	8.53	67,500,000	7.13
Mr. Sun Da	104,885,179	13.24	104,885,179	11.07
First Subscriber	–	–	46,178,343	4.88
Second Subscriber	–	–	63,694,267	6.73
Third Subscriber	–	–	45,541,401	4.81
Other public Shareholders	476,852,936	60.23	476,852,936	50.34
Total	<u>791,709,002</u>	<u>100.00</u>	<u>947,123,013</u>	<u>100.00</u>

Note:

Mr. John Yi Zhang legally and beneficially owns the entire issued share capital of Fonty Holdings Limited (“**Fonty**”), which beneficially owns 130,513,461 Shares. Mr. John Yi Zhang is therefore deemed to be interested in all the Shares held by Fonty. For the purpose of the SFO, Mr. Zhang is also deemed to be interested in 11,957,426 Shares owned by Zhang Trusts For Descendants as the founder of the trust.

REASONS FOR AND BENEFIT OF THE ENTERING INTO OF THE SUBSCRIPTION AGREEMENTS

The Group is principally engaged in research, production and sales of efficient mono-crystalline products, provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations and production and sales of power storage products.

The Group reported net loss of approximately RMB61.25 million for the year ended 31 December 2021 and as at 30 June 2022, the Group had unaudited net current liabilities and net liabilities of approximately RMB301.89 million and RMB117.71 million, respectively, among which (i) other payables and accruals were approximately RMB270.45 million; and (ii) interest-bearing borrowings were approximately RMB25.49 million. The Directors consider that the Subscription will (i) allow the Company to settle the outstanding sums owing by the Company to the First Subscriber, the Second Subscribers and the Third Subscriber without utilising existing financial resources of the Group to reduce the gearing level of the Group; and (ii) it also represents a good opportunity to raise additional funds for the Group to improve its working capital position, and hence strengthening the financial position of the Group. In view of the above and taking into account the Subscription Price for the allotment and issue of new Shares to the Subscribers, the Directors consider that the terms of each of the Subscription Agreements including the Subscription Price are on normal commercial terms, fair and reasonable and the entering into of each of the Subscription Agreements is in the interests of the Company and the Shareholders as a whole.

Since completion of each of the Subscription Agreements is subject to the fulfilment of the conditions precedent respectively thereunder, the transactions contemplated under each of the Subscription Agreements may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“AGM”	the annual general meeting of the Company held on 30 June 2021
“Board”	board of the Directors

“Business Day(s)”	a day (other than Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are open for business during their normal business hours
“BVI”	British Virgin Islands
“Company”	Comtec Solar Systems Group Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 712)
“Completion”	completion of the Subscription pursuant to the respective Subscription Agreements
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“First Subscriber”	China Success Investment Group Limited, a company incorporated in the BVI and controlled by Mr. Chang Loong Cheong, an Independent Third Party
“First Subscription Agreement”	the subscription agreement dated 29 September 2022 entered into between the Company and the First Subscriber in respect of the Subscription
“First Subscription Share(s)”	46,178,343 new Shares to be allotted and issued under the First Subscription Agreements at the Subscription Price
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM to allot, issue and deal with up to 155,657,700 Shares, representing 20% of the then issued share capital of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Listing Committee”	the listing committee of the Stock Exchange

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2022 (or such other date as the relevant parties may agree in writing)
“PRC”	The People’s Republic of China
“Second Subscriber”	Mr. Wu Jun, an Independent Third Party
“Second Subscription Agreement”	the subscription agreement dated 29 September 2022 entered into between the Company and the Second Subscriber in respect of the Subscription
“Second Subscription Share(s)”	63,694,267 new Shares to be allotted and issued under the Second Subscription Agreements at the Subscription Price
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	the ordinary share(s) of nominal value HK\$0.004 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively the First Subscriber, the Second Subscriber and the Third Subscriber
“Subscription”	the subscription of 155,414,011 Subscription Shares in total at the Subscription Price pursuant to terms and conditions of the Subscription Agreements
“Subscription Agreement(s)”	collectively the First Subscription Agreement, the Second Subscription Agreement and the Third Subscription Agreement, and each a “Subscription Agreement”
“Subscription Price”	the issue price of HK\$0.157 per Subscription Share for the Subscription
“Subscription Share(s)”	new Shares to be allotted and issued under the Subscription Agreements at the Subscription Price, and each a “Subscription Share”
“Third Subscriber”	Ms. Zhao Xiaoqun, an Independent Third Party

“Third Subscription Agreement” the subscription agreement dated 29 September 2022 entered into between the Company and the Third Subscriber in respect of the Subscription

“Third Subscription Share(s)” 45,541,401 new Shares to be allotted and issued under the Third Subscription Agreements at the Subscription Price

“%” per cent.

* *for identification purposes only*

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

29 September 2022

As at the date of this notice, the executive Director is Mr. John Yi Zhang, the non-executive Directors are Mr. Dai Ji and Mr. Qiao Fenglin, and the independent non-executive Directors are Mr. Ma Teng, Dr. Yan Ka Shing and Mr. Jiang Qiang.