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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**  
**PROVISION OF FINANCIAL ASSISTANCE**

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The Board is pleased to announce that on 28 November 2023, Comtec Energy Storage Technology, a 51% owned subsidiary of the Company (as Lender) has entered into the Loan Agreement with Shenyang Guoyun (as Borrower), a company owned as to 15% by Comtec Energy Storage Technology as at the date of this announcement. Pursuant to the Loan Agreement, the Lender has agreed to grant the Shareholder's Loan in the amount of RMB8.5 million to the Borrower, for a term of 36 months.

**IMPLICATION UNDER THE LISTING RULES**

As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the provision of the Shareholder's Loan exceeds 5% but is less than 25%, the provision of the Shareholder's Loan constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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The principal terms of the Shareholder's Loan are set out below:

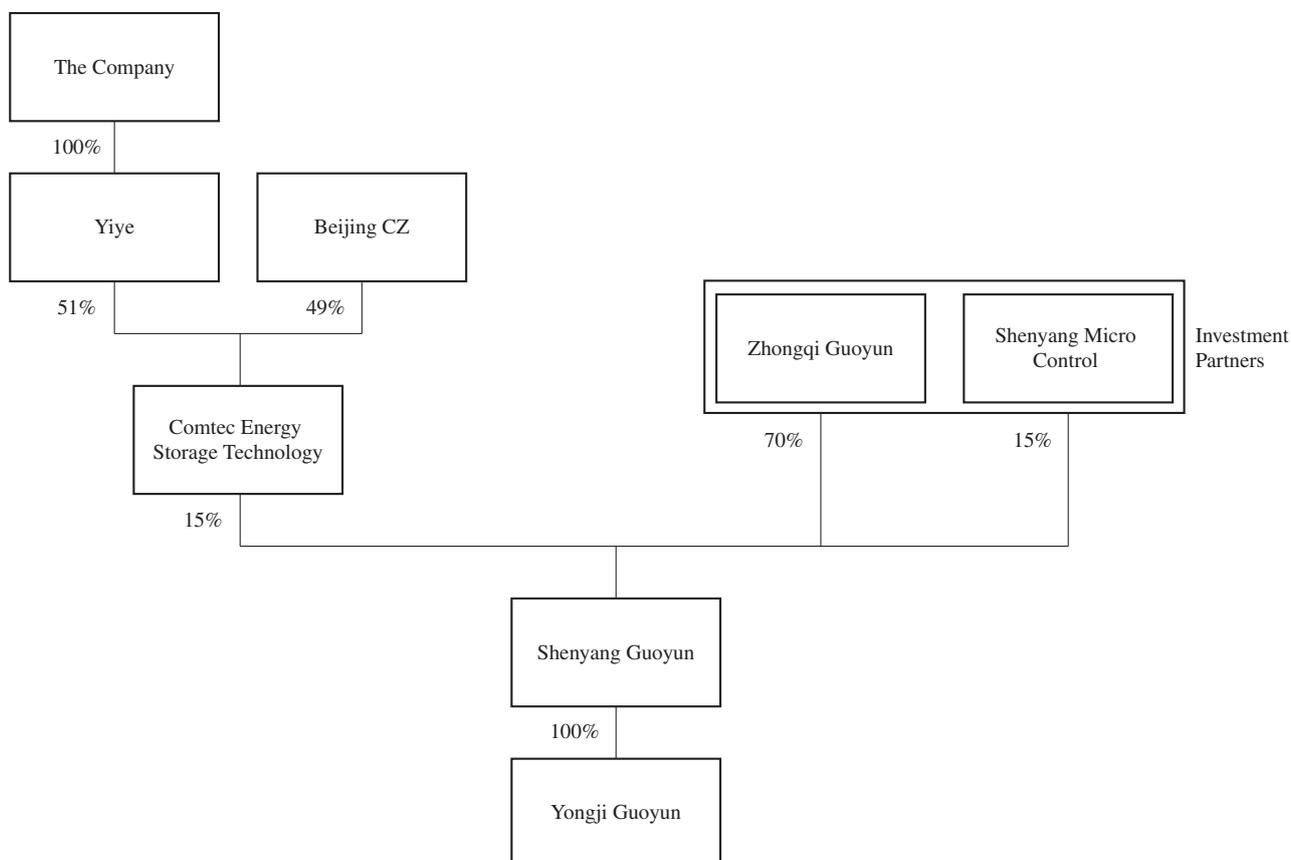
Lender:	Comtec Energy Storage Technology
Borrower:	Shenyang Guoyun
Principal amount:	RMB8,500,000
Term:	36 months from the date of loan drawdown
Interest:	10% per annum
Use of borrowing:	Used for the business and daily operations of the Borrower and Yongji Guoyun
Security:	Unsecured
Drawdown date:	on or before 15 December 2023

The Shareholder's Loan is funded by internal resources of the Group.

In order to support the working capital needs of Yongji Guoyun, a wholly-owned subsidiary of Shenyang Guoyun, for the development of FLBH Energy System project (details of which are set out under section headed "Information on Shenyang Guoyuan and the Investment Partners), each of Comtec Energy Storage Technology and the Investment Partners agree to enter into respective loan agreements with Shenyang Guoyun to provide Shenyang Guoyun with shareholder's loans based on the proportion of their shareholdings in Shenyang Guoyun. The principal terms of these loan agreements (including the Loan Agreement) are the same, save and except for the identity of the lender and the loan amounts.

## INFORMATION ON SHENYANG GUOYUN AND THE INVESTMENT PARTNERS

Set out below is the simplified shareholding structure of Shenyang Guoyun as at the date of this announcement:



### Information on Shenyang Guoyun

Shenyang Guoyun is a company established in the PRC in June 2022 with a registered capital of RMB10,000,000.

As at the date of this announcement, Shenyang Guoyun is owned as to 70% by Zhongqi Guoyun, as to 15% by Comtec Energy Storage Technology and as to 15% by Shenyang Micro Control.

Shenyang Guoyun, through Yongji Guoyun, being its wholly-owned subsidiary, holds the development project of a flywheel-lithium iron phosphate battery hybrid energy storage system (the “**FLBH Energy System**”) in the Economic and Technological Development Zone, Yongji City, Shanxi Province, the PRC.

## **Information on Yongji Guoyun and the FLBH Energy System Project**

Yongji Guoyun is a company established in the PRC in September 2022 with registered capital of RMB2,000,000.

It is a wholly-owned subsidiary of Shenyang Guoyun, and holds the FLBH Energy System project.

### ***The FLBH Energy System Project***

The FLBH Energy System is a breakthrough in the application of hybrid energy storage in the field of stand-alone off-grid energy storage, and is an application with high demand in the new energy industry in the PRC. The FLBH Energy System can serve as a complementary support to the existing stand-alone energy storage facilities, and will further improve the level of clean energy consumption, and enhance the peak load capacity of the regional power grid in Shanxi Province, the PRC.

The FLBH Energy System project includes the investment in and construction of a grid-side independent frequency modulation hybrid energy storage power station project with total installed capacity of 100 MW/50.43 MWh, comprising of flywheel energy storage battery of 50 MW/0.43 MWh and chemical battery (lithium iron phosphate) of 50 MW/50 MWh.

The FLBH Energy System project is one of the first frequency modulation projects constructed in response to the call by the PRC government on a national level to support and expand the frequency modulation business, in an aim to provide a clean, low-carbon, safe and efficient green energy system to Shanxi Province, and make new and greater contributions to upgrade the energy industry in Yongji City.

The FLBH Energy System project has been approved by Shanxi Provincial Energy Bureau (山西省能源局) for construction in the first half of 2023 and the FLBH Energy System project, upon commencement of full operation use, will become one of the first grid-side hybrid energy storage power station projects that adopts such technology for commercial operations in the PRC. The Company will provide further update on the project status, as and when appropriate.

Comtec Energy Storage Technology and its shareholders are fully satisfied with the background due diligence check conducted by the local Shanxi authorities to participate in such a sizeable project in Shanxi Province, the PRC.

The Board believes that the FLBH Energy System project is an important milestone in the business development of the Group, and will publish further information as and when appropriate.

## **Information on the Investment Partners**

### ***Shenyang Micro Control***

Shenyang Micro Control and its shareholder, Shenyang Weikong, both being Independent Third Parties, are mainly engaged in engineering and technology research and experimental development in the PRC. Shenyang Weikong is a national high-tech enterprise with more than 70 national patents that have been approved or are under application. In 2018, it introduced the flywheel energy storage technology of VYCON USA into the PRC, and established the first and the only production line for mass production of maglev energy storage flywheels in the PRC. It is also involved in formulating many flywheel technical standards and specifications in the PRC.

Currently, Shenyang Weikong has more than 3,000 flywheel energy storage devices operating safely in the PRC, the United States, Europe and Southeast Asia, with stable operation time exceeding 100,000 hours, making it one of the world-leaders in manufacturing of flywheel energy storage systems.

### ***Zhongqi Guoyun***

Zhongqi Guoyun and its shareholder, Guoyun Group are principally engaged in energy storage technology investment in the PRC and it holds and invests in energy storage projects in Shanxi and Liaoning provinces, the PRC. Its business scope substantially covers six major sectors namely, clean energy, energy storage and battery replacement, hydrogen production and hydrogenation, energy environmental protection, energy technology research and energy finance.

The core investors of Guoyun Group include China Huadian Corporation and CNPC, both of which are major state-owned enterprises in the clean energy and fuel industry in the PRC.

## **Shareholders' Cooperation Agreement**

On 28 November 2023, the shareholders of Shenyang Guoyun entered into the Shareholders' Cooperation Agreement and agreed on the terms of operation and management of Shenyang Guoyun. Pursuant to the Shareholders' Cooperation Agreement, each shareholder shall settle its respective subscribed capital to the account of Shenyang Guoyun not later than 15 December 2023. Based on the 15% shareholding of Comtec Energy Storage Technology in Shenyang Guoyun and Shenyang Guoyun's registered capital of RMB10 million, Comtec Energy Storage Technology shall settle an amount of RMB1.5 million as paid-up capital.

Pursuant to the Shareholders' Cooperation Agreement, the parties thereto further unanimously agree that when Shenyang Guoyun (and its subsidiary(ies)) purchase chemical battery energy storage equipment and services for the construction, operation and maintenance of businesses relating to the FLBH Energy System and the chemical battery energy storage system, they shall first purchase from the members of the Group under the same terms.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save as disclosed herein, each of Shenyang Guoyun, the Investment Partners and their respective ultimate beneficial owners are Independent Third Parties.

## **Information on the Group and Comtec Energy Storage Technology**

### ***The Group***

The Group is principally engaged in the sale of power storage products and lithium battery products, and the investment, development, construction and operation of solar photovoltaic power stations.

### ***Comtec Energy Storage Technology***

Comtec Energy Storage Technology (Liaoning) Limited\* (卡姆丹克儲能科技(遼寧)有限公司) is a company established in the PRC and is a 51% owned subsidiary of the Company.

## **REASONS FOR AND BENEFITS OF THE PROVISION OF SHAREHOLDER'S LOAN**

### **1. FAVOURABLE TERMS OF THE SHAREHOLDERS' LOAN**

The terms of the Shareholder's Loan (including the interest rate) were arrived at by the parties thereto after arm's length negotiations, with reference to prevailing commercial practice. Having regard to the background of the Investment Partners, Shenyang Guoyun and the Yongji Guoyun as well as the business potential of the FLBH Energy System project and that the Shareholder's Loan will generate interest income for Comtec Energy Storage Technology (and the Group), the Directors believe that the terms of the Shareholder's Loan are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

### **2. CAPTURING THE FUTURE DEVELOPMENT OPPORTUNITIES OF THE NEW ENERGY MARKET IN THE PRC**

Flywheel Energy Storage (FES) is a physical method for storing electricity in the form of kinetic energy and it can operate under a wider range of temperatures and has no toxic impact on the environment. In recent years, the PRC government began to put more emphasis on the development of flywheel energy storage technology. According to 《「十四五」新型儲能發展實施方案》 (“14th Five-Year Plan” New Energy Storage Development Implementation Plan\*) jointly published by National Development and Reform Commission (國家發展和改革委員會) and National Energy Administration (國家能源局) on 29 January 2022, the active development of new energy storages, including flywheel energy storage, would be one of the key development focuses in the PRC.

In addition, according to 《印發加快電力裝備綠色低碳創新發展行動計劃》 (Action Plan for Accelerating the Green and Low-Carbon Innovation and Development of Power Equipment\*) jointly published by Ministry of Industry and Information Technology (工業和信息化部), Ministry of Finance (財政部商務部), State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) and State Administration for Market Regulation (國家市場監督管理總局) in August 2022, the PRC government was pursuing the environmental-friendly practices in the electricity market and the PRC government urged to expedite the development of flywheel energy storage equipment and encouraged financial institutions to provide financial support to market players.

Pursuant to “2022 China Flywheel Energy Storage System (FESS) Industry Research: Application Scenario Analysis” published in October 2022 by Leadleo (頭豹研究院), which is an organization providing information and statistics on different industries, the scale of flywheel energy storage in China was on a rising trajectory, from 3.2 MW in 2019 to 5.7 MW in 2021, representing a growth of 78%. It is believed that the scale would soar further in coming years, estimating that the installed capacity of new energy storage would reach 48.5 GW – 79.5 GW in 2026.

The Company expects these above factors to continually present significant growth potential of the new energy storage industry in the PRC and the Directors believe that the it is beneficial for the Group to further invest in the energy storage market in the PRC, which not only allows business collaboration with parties that have proven track record in new energy business, but also allows the Group to expand and extend its reach in flywheel energy storage business.

### **3. THE CO-OPERATION WITH THE INVESTMENT PARTNERS WILL ELEVATE THE INDUSTRY STATUS OF THE GROUP**

Zhongqi Guoyun and its shareholder, Guoyun Group (as one of the Investment Partners) is a major investment and technology platform for state-owned energy leaders in the field of new energy. Shenyang Micro Control and its shareholder, Shenyang Weikong (as one of the Investment Partners) are leading companies in the flywheel energy storage sector and manufacturers of advanced flywheel energy storage equipment in the PRC.

This FLBH Energy System project marks an important milestone in the Group’s strategy to bring together industry leaders to raise the collective strength in the development of new energy storage ecosystem. The partnership between the Comtec Energy Storage Technology and the Investment Partners can elevate the Group’s industry status in new energy storage and will strengthen the business relationship with the Investment Partners for the Group’s future energy storage business development and investment as well as to explore other opportunities for cooperation.

The Directors, having regard to the reasons for and benefits of the provision for Shareholders Loan, believe that the terms of the provision for Shareholders Loan (including the interest rate) is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the above transaction and therefore no Director is required to abstain from voting on the relevant board resolutions.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the provision of Shareholder's Loan exceeds 5% but is less than 25%, the provision of Shareholder's Loan constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but are exempt from the shareholders' approval requirement.

## **DEFINITIONS**

“Board”	board of the Directors
“China Huadian Corporation”	China Huadian Corporation Ltd. (中國華電集團有限公司), a limited liability company incorporated under the laws of the PRC
“CNPC”	China National Petroleum Corporation (中國石油天然氣集團有限公司), a limited liability company incorporated under the laws of the PRC
“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)
“Comtec Energy Storage Technology” or “Lender”	Comtec Energy Storage Technology (Liaoning) Limited* (卡姆丹克儲能科技(遼寧)有限公司), a limited liability company incorporated under the laws of the PRC and a 51% owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guoyun Group”	Zhongqi Guoyun Energy Technology Group Co. Ltd* (中企國雲能源科技集團有限公司), a limited liability company incorporated under the laws of the PRC
“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
“Investment Partners”	Shenyang Micro Control and Zhongqi Guoyun
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 28 November 2023 entered into between the Lender and the Borrower in respect of the Shareholder’s Loan
“MW”	megawatt, which equals 106 Watt
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ Cooperation Agreement”	the shareholders’ cooperation agreement dated 28 November 2023 entered into among the shareholders of Shenyang Guoyun
“Shareholder’s Loan”	the shareholder’s loan in the amount of RMB8.5 million provided by Comtec Energy Storage Technology to the Shenyang Guoyun
“Shares”	the ordinary share(s) of nominal value of HK\$0.004 each in the share capital of the Company
“Shenyang Guoyun” or “Borrower”	Shenyang Guoyun Weikong Energy Storage Technology Limited* (瀋陽國雲微控儲能科技有限公司), a limited liability company incorporated under the laws of the PRC
“Shenyang Micro Control”	Shenyang Micro Control Active Magnetic Levitation Technology Industry Research Institute Co., Ltd* (瀋陽微控主動磁懸浮技術產業研究院有限公司), a limited liability company incorporated under the laws of the PRC
“Shenyang Weikong”	Shenyang Weikong New Energy Technology Limited* (瀋陽微控新能源技術有限公司), a limited liability company incorporated under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Yongji Guoyun”	Yongji Guoyun Weikong Energy Technology Limited* (永濟市國雲微控能源科技有限公司), a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Target Company
“Zhongqi Guoyun”	Zhongqi Guoyun Energy Storage Technology Limited* (中企國雲儲能科技有限公司), a limited liability company incorporated under the laws of the PRC
“%”	per cent.

By order of the Board  
**Comtec Solar Systems Group Limited**  
**Qiao Fenglin**  
*Non-executive Director*

Beijing, the PRC, 29 November 2023

*As at the date of this announcement, 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. Jiang Qiang and Dr. Yan Ka Shing.*

\* *for identification purposes only*