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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**  
**ACQUISITION OF THE TARGET COMPANY**

Reference is made to the announcement of the Company dated 3 December 2023 in relation to the potential acquisition of Changzhou Zhilian Cloud. The Board is pleased to announce that on 28 December 2023 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor agreed sell and the Company agreed to purchase the entire issued share capital of the Target Company at the Consideration of RMB20,000,000 (equivalent to HK\$22,000,000).

As at the date of this announcement, the Target Group has a vertical shareholding structure. The Vendor wholly-owns the Target Company which in turn wholly owns Changzhou International, which in turn wholly-owns Jiangsu Wusibang. Changzhou Zhilian Cloud is owned by Jiangsu Wusibang, Cata Logistics and Mr. Li as to 50%, 35% and 15%, respectively. Each of the Target Company, Changzhou International, Jiangsu Wusibang is an investment holding company. Changzhou Zhilian Cloud is a company established in the PRC with limited liability which operates a logistics cloud technology platform that provides transportation management system, IoT product, logistics financial products, and different one-stop solutions catering to the varying needs of customers.

The Target Company will become a wholly-owned subsidiary of the Company upon Completion and its financial results, together with (i) Changzhou International and Jiangsu Wusibang, being 100% directly and indirectly owned by the Group; and (ii) Changzhou Zhilian Cloud, being regarded as controlled by the Group as an indirect 50%-owned subsidiary in accordance with the Group's accounting policies, will be consolidated into the accounts of the Group.

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

**Completion is conditional upon the satisfaction or, if applicable, waiver of the conditions precedent under the Sale and Purchase Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

## **THE ACQUISITION**

The Board is pleased to announce that on 28 December 2023 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor agreed to sell and the Company agreed to purchase the entire issued share capital of the Target Company at a Consideration of RMB20,000,000 (equivalent to HK\$22,000,000).

### **Principal terms of the Sale and Purchase Agreement**

Below is a summary of the principal terms of the Sale and Purchase Agreement:

Date: 28 December 2023

Parties: (i) The Purchaser: Comtec Solar Systems Group Limited  
(ii) The Vendor: China Digital Development Group Co., Limited

As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor is wholly-owned by Mr. Wu, whom is interested in 63,694,267 Shares, representing approximately 7.07% of the issued share capital of the Company. Save as disclosed above, each of the Vendor and its ultimate beneficial owner is an Independent Third Party.

Subject Matter: Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agree to purchase the Sale Shares, representing the entire issued share capital of the Target Company.

Consideration: The Consideration of RMB20,000,000 (equivalent to HK\$22,000,000) shall be payable by the Purchaser delivering or causing to be delivered to the Vendor the Promissory Notes in the aggregate principal amounts of HK\$22,000,000. The Consideration shall be subject to downward adjustment based on the Profit Guarantee as detailed below.

The Consideration was determined by the parties on an arm's length basis and on normal commercial terms, and was determined with reference to (i) the price-earnings (“P/E”) ratio of 8.81 times the profit before taxation of Changzhou Zhilian Cloud (i.e. the only operating subsidiary of the Target Group) for FY2022, translated at a designated exchange rate of HK\$1.0 to RMB0.90861 (representing the central parity rate as quoted from China Foreign Exchange Trade System as at the date of this announcement) and a marketability discount of 20.5% was applied in the calculation of the Consideration; (ii) the financial information of the Changzhou Zhilian Cloud and the two (2) years Profit Guarantee (together with a downward adjustment to the Consideration in the event of non-fulfilment of the Profit Guarantee) agreed by the Vendor in respect of the financial performance of Changzhou Zhilian Cloud; and (iii) the reasons of and the benefits of the Acquisition as disclosed in this announcement.

The Directors consider that P/E multiple is one of the most commonly used valuation multiples and is a more direct economic measurement of earning attributable to the equity value of Changzhou Zhilian Cloud. In addition, Changzhou Zhilian Cloud has been profit making in the latest financial year. The adoption of such level of price-earnings ratio is considered to be fair and reasonable in view of the average price earnings ratio of companies listed on the Stock Exchange in the logistics industry (the “**Comparable Companies**”). Whilst the list of Comparable Companies may not be exhaustive, the Company is of the view that the list covers six Comparable Companies is representative given the following selection criteria:

- (i) positive earnings in the latest financial year;
- (ii) major business activities being the provision of logistics related services;
- (iii) the latest market capitalisation of each Comparable Company is less than HK\$500 million given the size of Changzhou Zhilian Cloud;
- (iv) the Comparable Companies are listed on the Stock Exchange: and
- (v) the financial information of the Comparable Companies is available to the public.

Further, as Changzhou Zhilian Cloud is a privately held company, a marketability discount of 20.5% was applied to the Consideration, which was made reference to the report “Stout Restricted Stock Study Companion Guide (2022 edition)” by Stout Risius Ross, LLC, a reputable research company, which suggested an average marketability discount of 20.5% based on 772 private placement transactions of unregistered common shares issued by publicly traded companies from July 1980 through March 2022.

Based on the above, the Directors are of the view that the Consideration is fair and reasonable and that the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

The Company will utilise its internal resources for payment of the Consideration.

Profit Guarantee:

The Vendor has agreed to guarantee to the Purchaser that the Net Profit for each of FY2023 and FY2024 (together the “**PG Period**” and each such 12-month period is referred to as a “**PG 12-Month Period**”) shall be no less than RMB6,000,000 per annum (the “**Guaranteed Profit**”).

In the event that the Net Profit during a PG 12-Month Period is less than the Guaranteed Profit, the Vendor irrevocably and unconditionally undertakes and guarantees, as a continuing obligation, to pay such shortfall (the “**Shortfall Amount**”) in accordance with the below:

Shortfall Amount = (Guaranteed Profit – Net Profit)

The Vendor shall pay to the Purchaser the Shortfall Amount by way of cash and/or setting off the same amount from the amount owed by the Company under the Promissory Notes (to the extent of the outstanding principal amount of the Promissory Notes) after the audited consolidated financial statements (the “**Target Group AFS**”) are issued by the auditors of the Target Group for the relevant PG-12 Month Period.

In the event that the Net Profit for a PG-12 Month Period exceeds the Guaranteed Profit, such excess amount shall not be carried forward to meet the Guaranteed Profit for the subsequent PG-12 Month Period.

Promissory Notes:

**Principal amount**

The Principal Amount of Promissory Note 1 and Promissory Note 2 shall be HK\$11,000,000 and HK\$11,000,000, respectively.

## **Maturity Date**

The Maturity Date of Promissory Note 1 shall be fifteen (15) Business Days after the audited consolidated financial statements of Changzhou Zhilian Cloud are issued by the auditors of Changzhou Zhilian Cloud for FY2023.

The Maturity Date of Promissory Note 2 shall be fifteen (15) Business Days after the audited consolidated financial statements of Changzhou Zhilian Cloud are issued by the auditors of Changzhou Zhilian Cloud for FY2024.

## **Interest**

The Promissory Notes shall bear interest (which may be wholly or partially waived by the Vendor) from the Issue Date at the prime rate as quoted by the Hongkong and Shanghai Banking Corporation Limited from time to time per annum on the Principal Amount. Interest shall accrue on the actual number of days elapsed and on a 365-day year basis and is payable on the Maturity Date, or subject to the provisions of the Promissory Notes, upon the early redemption or repayment of the Principal Amount. In the event that any of the Promissory Notes is redeemed or repaid in whole or in part prior to the Maturity Date, the Noteholder shall be entitled to interest in respect of such part or whole of the Principal Amount redeemed or repaid for the period from (and including) the Issue Date to (but excluding) the date of redemption or repayment. After such early redemption or repayment, interest shall continue to accrue on the remaining Principal Amount outstanding (if any) until the Maturity Date.

## **Redemption**

The Issuer shall have the right to redeem all or any part of the outstanding principal amount of the Promissory Notes (together with interest accrued thereon) at any time after the Issue Date until the day prior to the Maturity Date, by giving written notice of not less than seven (7) Business Days to the Noteholder.

The Noteholder may by giving written notice of not less than seven (7) Business Days to the Issuer to require the Issuer to redeem all or any part of the outstanding principal amount of the Promissory Notes (together with interest accrued thereon) at any time after the Issue Date.

## **Transferability**

The Promissory Notes may be assigned or transferred by the Noteholder to any person with prior notice to the Issuer in respect of whole or part of the outstanding principal amount.

Conditions Precedent: Completion is subject to the fulfillment of the following conditions:

- (i) the Vendor's warranties remaining true, accurate and not misleading at Completion and no events having occurred that would result in any breach of any of the Vendor's Warranties or other provisions of the Sale and Purchase Agreement by the Vendor;
- (ii) all necessary consents, approvals, registration and filings required from all relevant government, regulatory and other authorities, agencies and departments in Hog Kong or elsewhere or otherwise required from any third parties in connection with the transaction contemplated under the Sale and Purchase Agreement having been obtained;
- (iii) the Purchaser having completed the Due Diligence and having notified the Vendor that the Purchaser is substantially satisfied with the result of the Due Diligence provided that such notification shall not prejudice in any manner whatsoever any of the Purchaser's right in respect of a claim pursuant to the Vendor's warranties and undertakings given by the Vendor under the Sale and Purchase Agreement; and
- (iv) no material adverse change or prospective material adverse change in the Target Group's business, operations, financial conditions or prospects has occurred since the date of signing of the Sale and Purchase Agreement.

Condition (ii) are not capable of being waived by any party to the Sale and Purchase Agreement. The Purchaser may by written notice to the Vendor waive condition (i), (iii) and (iv). If any of the conditions have not been fulfilled or (if applicable) waived at or before 5:00 p.m. on the Long Stop Date, all rights and obligations of the parties hereunder shall cease and terminate.

Completion: Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial position and operating results of the Target Group will be consolidated into the financial statements of the Group.

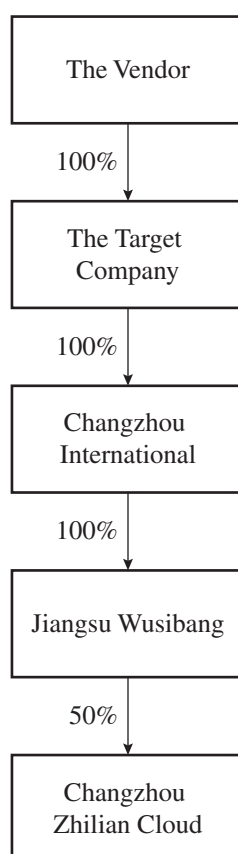
## Management of the Target Group after the Acquisition

Pursuant to the Sale and Purchase Agreement, upon Completion, (i) Jiangsu Wusibang, Cata Logistics and Mr. Li, being shareholders of Changzhou Zhilian Cloud, shall enter into the Shareholders' Agreement for the purpose of defining their rights and obligations as shareholders and regulating their relationship with each other and certain aspects of the affairs of and their dealings with the Target Group; and (ii) the Vendor and Changzhou Zhilian Cloud shall enter into the Management Service Agreement in respect of the management of Changzhou Zhilian Cloud and remuneration package for an initial term of three (3) years commencing from the Completion.

The Shareholders' Agreement shall provide that Changzhou Zhilian Cloud shall have a maximum number of three directors, two of whom shall be appointed by the Purchaser, and the remaining one director shall be appointed by the Vendor.

## INFORMATION ON THE TARGET GROUP

Set out below is the simplified shareholding structure of the Target Group as at the date of this announcement:



### The Target Company

The Target Company is an investment holding company incorporated in the Samoa with limited liability. As at the date of this announcement, other than holding Changzhou International, the Target Company has no (i) other business operations; and (ii) material assets and liabilities.

As at the date of announcement, other than holding the Changzhou International the Target Company has no (i) other business operations as well as (ii) material assets and liabilities.

### **Changzhou International**

Changzhou International is an investment holding company incorporated in Hong Kong with limited liability.

As at the date of this announcement, other than holding Jiangsu Wusibang, Changzhou International has no (i) other business operations; and (ii) material assets and liabilities.

### **Jiangsu Wusibang**

Jiangsu Wusibang is an investment holding company established in the PRC with limited liability.

As at the date of this announcement, other than holding the Changzhou Zhilian Cloud, Jiangsu Wusibang has no (i) other business operations; and (ii) material assets and liabilities.

### **Changzhou Zhilian Cloud**

Changzhou Zhilian Cloud is a company established in the PRC with limited liability. Changzhou Zhilian Cloud operates a logistics cloud technology platform that provides transportation management system, IoT product, logistics financial products, and different one-stop solutions catering to the varying needs of customers.

Set out below is a summary of the unaudited financial information of Changzhou Zhilian Cloud for FY2021 and FY2022, respectively

	<b>FY2021</b>	<b>FY2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4,049	8,990
Profit before taxation	1,195	5,715
Profit after taxation	1,159	5,185

As at 31 December 2022, the unaudited net assets value of Changzhou Zhilian Cloud was approximately RMB11,177,000.

The Target Company will become a wholly-owned subsidiary of the Company Upon Completion and its financial results, together with (i) Changzhou International and Jiangsu Wusibang, being 100% directly and indirectly owned by the Group; and (ii) Changzhou Zhilian Cloud, being regarded as controlled by the Group as an indirect 50%-owned subsidiary in accordance with the Group's accounting policies, will be consolidated into the accounts of the Group.



## **INFORMATION ON THE PARTIES**

### **The Group**

The Group principally engages in solar businesses focusing on (1) consulting services for investment, engineering, procurement, development, and operation of solar photovoltaic power stations; (2) operations of rooftop distributed power generation projects in industrial, commercial and residential buildings; (3) sales of lithium battery power storage systems businesses for electric vehicles and power storage customers; and (4) logistics business.

### **The Vendor**

The Vendor is an investment holding company incorporated in Hong Kong with limited liability and the entire issued share capital of which is owned by Mr. Wu.

As at the date of this announcement, Mr. Wu is interested in 63,694,267 Shares, representing approximately 7.07% of the issued share capital of the Company. Save as disclosed above, both the Vendor and Mr. Wu are Independent Third Parties.

## **REASONS FOR AND BENEFITS FOR ENTERING INTO THE ACQUISITION**

The Group principally engages in solar businesses focusing on (1) consulting services for investment, engineering, procurement, development, and operation of solar photovoltaic power stations; (2) operations of rooftop distributed power generation projects in industrial, commercial and residential buildings; (3) sales of lithium battery power storage systems businesses for electric vehicles and power storage customers; and (4) logistics business.

As disclosed in the interim report of the Company for the six months ended 30 June 2023, the Group's power generation business and power storage business have been negatively impacted by the outbreak of the COVID-19 pandemic in the last few years. In this connection, the Board considers that it is necessary for the Group to explore other business opportunities with a view to broaden the Group's revenue base and benefit from the diversified return in the foreseeable future. In 2020, the Group established the logistics business, though its operational scale remained small generating a revenue of approximately RMB6.3 million for the six months ended 30 June 2023.

The Target Group operates a logistics cloud technology platform that provides transportation management system, IoT product, logistics financial products, and different one-stop solutions catering to the varying needs of customers in the PRC since the establishment of Changzhou Zhilian Cloud in 2017.

The Company is optimistic about the growth and prospect of the logistics industry in China. According to the data from 中商產業研究院, the scale of China's intelligent logistics market has shown rapid growth. The scale of China's smart logistics market reached RMB699.5 billion in 2022 as compared with RMB647.7 billion in 2021, representing a year-on-year growth of 7.9%. It is expected that the scale of China's smart logistics market will reach RMB790.3 billion in 2023. In addition, as disclosed in the interim report of the Company for the six months ended 30 June 2023, the Group plans to tap into the fields of intelligent logistics and logistics finance by obtaining relevant licenses where necessary and introducing local PRC government(s) as equity investor(s) as well as attracting teams of specialists with industry knowhow. The Company consider that the Target Company has a established platform in the fast-growing smart logistics industry and it is anticipated that the Group can leverage on the Target Company's logistics platform to speed up the development of the Group's logistics business, improve its business structure and thus, enhance the Group's competitiveness in the logistics industry for the Group's long-term growth.

The Company believes that while continuing to develop its existing businesses, the Acquisition represent an opportunity for the Group to further invest in and expand its logistics business. It is expected that the Acquisition will broaden the source of the Group's revenue and create a foundation for the Group's future growth, thereby diversifying business risk of the Group and maximising Shareholders' interests in the long term.

The Directors are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and its Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

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

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor
“Board”	board of the Directors
“Business Days”	a day (excluding Saturday) on which licensed banks in Hong Kong are open for business

“Cata Logistics”	Cata Logistics Company Limited (車聯天下物流集團有限公司), a company established in the PRC with limited liability and controlled by Mr. Wu
“Changzhou International”	Changzhou International Group Limited (常州國際集團有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company
“Changzhou Zhilian Cloud”	Changzhou Zhilian Cloud Digital Technology Co., Ltd (常州智聯雲數字科技股份有限公司), a company established in the PRC with limited liability and is owned by Jiangsu Wusibang, Cata Logistics and Mr. Li as to 50%, 35% and 15%, respectively
“Company”	Comtec Solar Systems Group Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 712)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms of the Sale and Purchase Agreement
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration for the sale and purchase of the Sale Shares
“Director(s)”	the director(s) of the Company
“Due Diligence”	the due diligence investigation to be carried out by the Purchaser on the business, assets, liabilities and financial position of the Target Group
“FY2021”	the financial year ended 31 December 2021
“FY2022”	the financial year ended 31 December 2022
“FY2023”	the financial year ending 31 December 2023
“FY2024”	the financial year ending 31 December 2024
“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
“Issuer”	the issuer of the Promissory Notes
“Issue Date”	the date of issue of the Promissory Notes
“Jiangsu Wusibang”	Jiangsu Wusibang Investment Development Co., Ltd (江蘇吳泗浜投資發展有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of Changzhou International
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2024, or such later date as the Purchaser and the Vendor may agree in writing
“Maturity Date”	the maturity date of the Promissory Notes
“Mr. Li”	Mr. Li Runjie (李潤杰), an Independent Third Party
“Mr. Wu”	Mr. Wu Jun (吳俊), an Independent Third Party
“Net Profit”	the net profit of Changzhou Zhilian Cloud
“Noteholder”	holder of the Promissory Notes
“PRC”	The People’s Republic of China excluding Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Principal Amount”	the principal amount of the Promissory Note
“Profit Guarantee”	the profit guarantee provided by the Vendor to the Purchaser under the Sale and Purchase Agreement
“Promissory Note(s)”	the promissory note(s) to be issued by the Purchase to the Vendor in consideration for the Sale Shares
“Promissory Note 1”	the Promissory Note in the principal amount of HK\$11,000,000
“Promissory Note 2”	the Promissory Note in the principal amount of HK\$11,000,000
“Purchaser”	the Company

“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 December 2023 entered into between the Company and the Vendor in relation to the Acquisition
“Sale Share”	1 share, representing 100% of the issued share capital of the Target Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into among Jiangsu Wusibang, Cata Logistics and Mr. Li
“Shares”	the ordinary share(s) of nominal value of HK\$0.004 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Treasure Zone Developments Limited (域寶發展有限公司), a company incorporated in the Samoa with limited liability and wholly-owned by the Vendor
“Vendor”	China Digital Development Group Co., Limited (中國數字發展集團有限公司), a company incorporated in Hong Kong with limited liability and wholly-owned by Mr. Wu
“%”	per cent.

**Completion is conditional upon the satisfaction or, if applicable, waiver of the conditions precedent under the Sale and Purchase Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Comtec Solar Systems Group Limited**  
**Dai Ji**  
*Vice Chairman and Non-executive Director*

Shanghai, the PRC, 28 December 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.*