



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

INTERIM REPORT
2022



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. John Yi Zhang (*Chairman*)

Non-executive Directors

Mr. Dai Ji

Mr. Qiao Fenglin

Independent non-executive Directors

Mr. Ma Teng

Mr. Jiang Qiang

Dr. Yan Ka Shing

COMPANY SECRETARY

Ms. Lau Ling Yun Agnes

AUTHORISED REPRESENTATIVES

Mr. John Yi Zhang

Mr. Qiao Fenglin

AUDIT COMMITTEE

Mr. Jiang Qiang (*Chairman*)

Mr. Ma Teng

Dr. Yan Ka Shing

NOMINATION COMMITTEE

Mr. John Yi Zhang (*Chairman*)

Mr. Jiang Qiang

Mr. Ma Teng

Mr. Qiao Fenglin

Dr. Yan Ka Shing

REMUNERATION COMMITTEE

Mr. Jiang Qiang (*Chairman*)

Mr. John Yi Zhang

Mr. Ma Teng

Mr. Qiao Fenglin

Dr. Yan Ka Shing

CORPORATE GOVERNANCE COMMITTEE

Mr. John Yi Zhang (*Chairman*)

Mr. Jiang Qiang

SIGNIFICANT PAYMENTS COMMITTEE

Mr. John Yi Zhang (*Chairman*)

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEADQUARTERS

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Changzhou City

Jiangsu Province

PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Causeway Bay

Hong Kong

COMPANY'S WEBSITE

www.comtecsolar.com

CORPORATE INFORMATION

AUDITOR

UniTax Prism (HK) CPA Limited

LEGAL ADVISERS AS TO HONG KONG LAW

David Fong & Co.

PRINCIPAL BANKS

Agriculture Bank of China
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East Wanchai
Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Period, the Group is principally engaging in the solar businesses which focus 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; as well as (3) sales of lithium battery power storage systems businesses for electric vehicles and power storage customers.

Riding on the global concern on climate change, the global energy crisis since 2021, and the trend on environmental justice since 2020, we expect we can benefit from such trends and will have a continuous improvement in the revenue and profit in our business.

As part of the Group's strategy of removing the capital-intensive, less efficient upstream business, on 1 June 2022, Shanghai Comtec Solar Technology Company Limited* (上海卡姆丹克太陽能科技有限公司), as the Vendor, entered into the sale and purchase agreement (the "Sale and Purchase Agreement") with, Shanghai Pudong Zili Color Printing Factory Company Limited* (上海浦東自立彩印廠有限公司), as the Purchaser, to dispose the properties (together with the ancillary facilities) located in Shanghai, the PRC, at the Consideration of RMB180 million. The properties comprise of two land use rights and seven factory buildings. The Group continues to persevere in developing our solar businesses, including investment, development, construction and operation of solar photovoltaic power stations, production and sales of the power storage products. We provide Solar EPC services for rooftop distributed generation projects to customers mainly from Guangdong, Fujian, Tianjin, Zhejiang, Shandong, Anhui, Hebei, Henan, Hubei, and Hunan. We are optimistic that with the Chinese electric vehicle industry, green energy and the power storage industry being the focal points of the globe, our profit will grow diversely and constantly in the future.

FINANCIAL REVIEW

Revenue

Revenue from our solar businesses which mainly included (1) consulting services income for design, installation and construction of photovoltaic power stations, (2) power generation income and (3) sales of power storage products, decreased by RMB33.4 million, or 66.3%, from RMB50.4 million for the six months ended 30 June 2021 to RMB17.0 million for the six months ended 30 June 2022, primarily due to the disturbance of sales of power storage products caused by the downturn of macro-economic environment.

Cost of sales and services

Cost of sales and services decreased by 73.6% from RMB42.4 million in the first half of 2021 to RMB11.2 million in the first half of 2022 in line with the decrease in revenue in our solar businesses.

Gross profit

During the Period, the Group recorded gross profit of approximately RMB5.8 million, representing a decrease of approximately 27.1% from the gross profit of approximately RMB7.9 million for the corresponding period in 2021, as a result of the decrease in revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income

During the Period, other income was approximately RMB4.2 million, representing an increase of approximately 25.3%, from approximately RMB3.3 million for the corresponding period in 2021, which was mainly due to the government grants which mainly represent the amount received from the local government by operating subsidiaries of the Group to encourage activities aimed out by the Group in clean energy industry and high-technology advancement.

Other losses

Other losses were approximately RMB9.3 million during the Period, representing an increase by 194.0% from other losses of RMB3.2 million during the corresponding period in 2021 primarily due to the decrease in fair value of the investment properties in Shanghai, which has been adversely impacted by COVID-19 during the Period.

Selling and distribution expenses

Selling and distribution expenses decreased by 12.5%, from RMB0.4 million for the corresponding period in 2021 to RMB0.3 million for the Period, primarily due to the cut in sales and marketing expense on our solar business during the Period. The Group also made continuous efforts to reduce operating expenses.

Administrative expenses

Administrative expenses decreased by RMB4.5 million, or 26.2%, from RMB17.5 million for the corresponding period in 2021 to RMB12.9 million for the Period, which was mainly due to the decrease in legal and professional fees, depreciation, and salary which was in line with the decrease in revenue in our solar businesses.

Research and development expenses

Research and development expenses increased by RMB0.1 million, or 6.9%, from RMB1.7 million for the corresponding period in 2021 to RMB1.8 million for the Period, which had no material fluctuation in research and development expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

Interest expenses increased by RMB0.6 million from RMB7.2 million for the corresponding period in 2021 to RMB7.8 million for the Period due to an increase in interest expenses arising from borrowings and convertible bonds in 2022.

Loss before taxation

Loss before taxation was approximately RMB5.9 million for the Period, decreased by RMB12.8 million, or 68.5%, from losses of approximately RMB18.7 million for the corresponding period in 2021, due to the aforementioned factors.

Taxation

The Group recorded tax credit of approximately RMB1.7 million during the Period, increasing from tax expenses of approximately RMB0.02 million for the corresponding period in 2021 due to fair value adjustment.

Loss for the Period

The Group recorded a loss and total comprehensive expenses of approximately RMB4.2 million during the Period, while the group recorded a loss and total comprehensive expenses of approximately RMB18.8 million during the same period last year.

Interim dividend

The Board resolved not to declare an interim dividend for the Period (six months ended 30 June 2021: nil).

Liquidity and financial resources

As at 30 June 2022, the Group's current ratio (current assets divided by current liabilities) was 0.3 (31 December 2021: 0.2). The gearing ratio (total liabilities divided by total equity) was (3.7) (31 December 2021: (3.6)). The Group had a working capital deficit (total consolidated current liabilities exceeded total consolidated current assets) of RMB301.9 million as of 30 June 2022 (31 December 2021: approximately RMB313.5 million). Also, the Group recorded net liabilities of approximately RMB117.7 million as of 30 June 2022 (31 December 2021: RMB113.5 million).

The Group will continue to strengthen our financial position and enhance the cash flow by any ways including making the biggest efforts to improve operating performance, exploring collaborations with institutional investors, introduction of new strategic investors and pursuing growth through considering possible and adequate fund raising, financial restructuring, M&A and partnerships.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital commitments

As at 30 June 2022, the Group's capital commitment was nil (31 December 2021: nil). The Group currently has no plan to further expand its production capacity of traditional solar manufacturing business. In addition, the Group would carefully plan for the expansion of its rooftop distributed generation projects and power storage business which would depend on and subject to the market conditions and opportunities.

Contingent liabilities

As at 30 June 2022, there was no material contingent liability (31 December 2021: nil).

Charges on group assets

As at 30 June 2022, the Group had restricted cash of approximately RMB0.4 million (31 December 2021: RMB0.1 million), and pledged its buildings, investment properties, right-of-use assets and plant and machines to secure financing facilities granted to the Group. Save as disclosed above, as at 30 June 2022, no other assets of the Group were charged.

OUTLOOK

Asset allocation and deleveraging

As the Group has fully suspended its upstream manufacturing business including manufacturing and sales of solar wafers and related products which recorded operating losses in the last few years and has completed the corporate restructuring in 2020 and 2021, we have partly executed our strategies of disposing assets and properties with low utilization and we plan to redistribute these resources to improve our capital structure and lower our gearing ratio when opportunities arise.

On 3 August 2022, the Company received notices from a creditor purporting to enforce certain securities for convertible bonds issued by the Company on 27 July 2018 and maturing on 27 July 2021. The Company is actively negotiating with such creditor and is confident that settlement proposals to the parties' satisfaction will be put forward in due course. As at 30 June 2022, the Group's gearing ratio (total liabilities divided by total equity) was 3.7 and the Group recorded net liabilities of approximately RMB117.7 million. The Company has been in discussions with various creditors, suppliers and service providers whom the Group is indebted to and exploring deleveraging and restructuring proposals including but not limited to debt capitalisation proposals with an aim to lower the Group's liabilities. The Company is hopeful that such proposals would materialise in the second half of 2022 and the coming financial year.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance in the interests of Shareholders. During the Period, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “CG Code”) save as and except for the deviation from code provision A.2.1 of the CG Code, which provides that the roles of chairman and the chief executive should be separated and should not be performed by the same individual.

Following the resignation of Mr. Zhang Zhen in January 2021, the Company has no Chief Executive Officer (the “CEO”) since then. The daily operation and management of the Company is monitored by the Executive Director and the Chief Operating Officer, Mr. John Yi Zhang (“Mr. Zhang”) and Mr. Che Xiaoxi (“Mr. Che”), Mr. Zhang is the founder of the Group and has been in charge of the overall management of the Company since the listing of the Company in 2009. Meanwhile, Mr. Che is also responsible for the day-to-day management, administration and operation of the Company. The delegated functions and work tasks are periodically reviewed. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of Chairman and Chief Executive Officer is necessary. The Board considers that the current structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of power by the Board. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of Chairman and CEO is necessary and to ensure compliance with the statutory requirements and regulations and the CG Code and their corresponding latest development.

MODEL CODE

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors’ securities transactions throughout the Period. Save as the exception reported below.

On 24 June 2022, 1,000,000 Shares held by Fonty Holdings Limited (“Fonty Holdings”) were disposed of via the open market by Mr. Zhang (the “Disposal of Shares”). The 1,000,000 Shares were disposed of at an average price of HK\$0.33 per share and constituted only approximately 0.1% of the issued shares in the Company. The Disposal of Shares was driven by a proposed transfer of shares within Mr. Zhang’s family, which was an inadvertent mistake and Mr. Zhang was not aware of any inside information relating to the Company and its subsidiaries (the “Group”) during the material time; neither was the Disposal of Shares driven by any information (whether constituting inside information or not) relating to the Group.

While the Disposal of Shares was an inadvertent mistake, the board of directors of the Company acknowledges that the prohibitions in directors’ dealing in the Shares are absolute and are of fundamental importance to promote investor confidence in the securities market.

CORPORATE GOVERNANCE AND OTHER INFORMATION

It is with deep regret that Mr. Zhang had breached the relevant requirement under paragraph A.3(a) of Appendix 10 of the Listing Rules. Nonetheless, the Board, after necessary enquiries and investigations, genuinely consider that this is a one-off incident involving shares of an insignificant amount with no inside information implications.

Going forward, the Company will strengthen the implementation of its internal control system and corporate governance in particular in the area of directors' dealing and strive to maintain effective communication within the Board on matters relating to the Company through, including but not limited to, enhancing trainings provided to the directors of the Group and maintaining a close communication with legal and professional advisers in relation to regulatory compliance and corporate governance.

REVIEW OF INTERIM FINANCIAL STATEMENTS

Disclosure of financial information in this report complies with Appendix 16 of the Listing Rules. The audit committee of the Company has held meetings to discuss the internal controls, risk management and financial reporting matters of the Company, including the review of the unaudited interim results and the unaudited condensed consolidated financial statements of the Group for the Period.

INTERIM DIVIDEND

The Board resolved that since the Company plans to reserve cash for working capital requirement and any potential investment opportunities in the future, no interim dividend will be declared for the six months ended 30 June 2022. The Company may consider its dividend policy in the future according to the financial results and performance of the Company, and the general industry and economic environment.

PURCHASE, SALE OF REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save as disclosed herein, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that was publicly available to the Company and to the best knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the Period.

DISCLOSURE OF INTEREST

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at the date of this report, the Directors and the chief executive of the Company and their respective associates had the following interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company were taken and deemed to have under such provisions of the SFO, or which are required to be and were recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Long positions in the Company

Name of Directors	Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company
Mr. John Yi Zhang ¹	Beneficiary of a trust, interest in a controlled corporation, interest of spouse and founder of a trust	142,470,887	18.0%
Mr. Dai Ji ³	Beneficial owner	67,500,000	8.53%

Notes:

- (1) Fonty, which is 100% beneficially owned by Mr. Zhang, held 130,513,461 consolidated Shares. For the purposes of the SFO, Mr. Zhang is also deemed to be interested in 11,957,426 Consolidated Shares which are beneficially owned by Zhang Trusts For Descendants as the founder of the trust.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at the date of this report, none of the Directors or chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed in this report, at no time throughout the Period was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations (within the meaning of Part XV of the SFO).

Substantial Shareholders' Interests And Short Positions In Shares And Underlying Shares

So far as is known to any Director or chief executive of the Company, as at the date of this report, the persons or corporations (other than Director or chief executive of the Company) who had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in the Company

Name of Shareholders	Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company
Fonty Holdings Limited	Beneficial owner	130,513,461	16.49%
Ms. Carrie Wang ¹	Interest of spouse	142,470,887	18.00%
Harmony Gold Ventures Corp ²	Beneficial owner	38,662,827	4.88%
Shanghai Hengqu Internet Technology Co., Ltd.* ²	Interest in a controlled corporation	38,662,827	4.88%
Jiangyin Jinqi Capital Management Co., Ltd.* ²	Interest in a controlled corporation	38,662,827	4.88%
Mr. Wang Yixin (王藝新) ²	Interest in a controlled corporation	38,662,827	4.88%
Advanced Gain Limited ³	Beneficial owner	47,728,179	6.03%
Mr. Wu Zheqiang ³	Interest in a controlled corporation	47,728,179	6.03%
Mr. Sun Da	Beneficial owner	104,885,179	13.25%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) Ms. Carrie Wang is the spouse of Mr. John Yi Zhang, therefore, pursuant to the SFO, she is deemed to be interested in all the Shares in which Mr. John Yi Zhang is interested.
- (2) Harmony Gold Ventures Corp is a wholly-owned subsidiary of Shanghai Hengqu Internet Technology Co., Ltd.* (上海恒渠互聯網科技有限公司), which is wholly-owned by Jiangyin Jinqu Capital Management Co., Ltd.* (江陰市金渠資本管理有限公司), which is in turn owned as to 99% by Mr. Wang Yixin (王藝新). Therefore, each of Shanghai Hengqu Internet Technology Co., Ltd.* (上海恒渠互聯網科技有限公司), Jiangyin Jinqu Capital Management Co., Ltd.* (江陰市金渠資本管理有限公司) and Mr. Wang Yixin (王藝新) is deemed to be interested in the 38,662,827 consolidated Shares held by Harmony Gold Ventures Corp.
- (3) Advanced Gain Limited is wholly owned by Mr. Wu Zheqiang. Therefore Mr. Wu Zheqiang is deemed to be interested in the 47,728,179 consolidated Shares held by Advanced Gain Limited.

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company which be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEMES

Share Option Scheme

The Company adopted a share option scheme (the “Old Share Option Scheme”) on 2 October 2009 for the purpose of motivating eligible persons to optimize their future contributions to the Group and/or reward them for their past contributions, attracting and retaining or otherwise maintaining on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

As at 30 June 2022, being the date of the 2021 Annual Report, the total number of shares of the Company under the Old Share Option Scheme which may be issued upon exercise of all outstanding share options was 33,408,544 (after the Share Consolidation), representing approximately 4.22% of the shares of the Company in issue on 30 June 2022. Since the old share option scheme was terminated on 1 October 2019, no further options can be granted under it. However, the share options granted under the Old Share Option Scheme prior to its termination shall continue to be valid and exercisable in accordance with the terms of the Old Share Option Scheme.

In view of, among others, the fact that the Old Share Option Scheme expired on 1 October 2019, and for the same purposes above, the Company conditionally adopted a new share option scheme (the “New Share Option Scheme”) on 31 December 2018 (the “Adoption Date”). The New Share Option Scheme became unconditional and took effect on 17 January 2019 upon the Listing Committee’s granting the listing of, and permission to deal in the Shares falling to be issued pursuant to the exercise of option under the New Share Option Scheme, and the Old Share Option Scheme was terminated on even date.

Under the New Share Option Scheme, the aggregate number of Shares in respect of which options (including both exercised and outstanding options) may be granted under the New Share Option Scheme and any other share option scheme(s) of the Company shall not, in aggregate exceed 10% of the total number of Shares in issue on the Adoption Date, i.e. 209,770,358 Unconsolidated Shares.

CORPORATE GOVERNANCE AND OTHER INFORMATION

As at 30 June 2022, the total number of shares of the Company under the New Share Option Scheme which may be issued upon exercise of all outstanding share options was 52,442,589 (after the Share Consolidation), representing approximately 6.74% of the shares of the Company in issue on 30 June 2022.

No option may be granted to any participant of the New Share Option Scheme such that the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time.

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the New Share Option Scheme are required to pay the Company HK\$1.0 upon acceptance of the grant on or before the 28 days after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheets on the offer date; and
- (c) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date.

The New Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date, after which no further options will be granted or offered.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Details of the share options exercised and lapsed under the Old Share Option Scheme during the Period are as follows:

Grantee	Date of grant	Exercise price per Share	After share consolidation				Balance as at 31 December 2021	
			Balance as at 1 January 2021	Share options granted during the Period	Exercised during the Period	Lapsed during the Period		Cancelled during the Period
Director								
Mr. Chau Kwok Keung	2 May 2017	HK\$1.340	375,000	-	-	-	-	375,000
Mr. Kang Sun ⁽¹³⁾	2 May 2017	HK\$1.340	50,000	-	-	-	-	50,000
Mr. Leung Ming Shu ⁽¹³⁾	2 May 2017	HK\$1.340	50,000	-	-	-	-	50,000
Mr. Xu Erming ⁽¹³⁾	2 May 2017	HK\$1.340	50,000	-	-	-	-	50,000
Mr. Zhang Zhen	2 May 2017	HK\$1.340	375,000	-	-	-	-	375,000
Other participants								
Employees	15 June 2018	HK\$0.604	1,150,000	-	-	-	-	1,150,000
Employees	2 May 2017	HK\$1.340	1,975,000	-	-	-	-	1,975,000
Consultants	15 June 2018	HK\$0.604	4,171,544	-	-	-	-	4,171,544
Consultants	2 May 2017	HK\$1.340	2,600,000	-	-	-	-	2,600,000
Consultants	9 September 2016	HK\$2.240	4,500,000	-	-	-	-	4,500,000
Consultants	25 November 2015	HK\$2.944	10,650,000	-	-	-	-	10,650,000
Consultants	26 June 2015	HK\$6.000	5,000,000	-	-	-	-	5,000,000
Consultants	31 March 2014	HK\$5.544	225,000	-	-	-	-	225,000
Consultants	30 September 2013	HK\$7.480	1,005,000	-	-	-	-	1,005,000
Consultants	27 December 2012	HK\$5.048	1,212,500	-	-	-	-	1,212,500
Consultants	28 June 2012	HK\$3.920	12,500	-	-	-	-	12,500
Total			33,401,544	-	-	-	-	33,401,544

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) All Share options granted under the Old Share Option Scheme on 24 May 2010 have either lapsed or been cancelled by the grantees.
- (2) Share options granted under the Old Share Option Scheme on 28 June 2012 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for the purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
28 June 2012	50% of the total number of Share Options granted
28 September 2012	12.5% of the total number of Share Options granted
28 December 2012	12.5% of the total number of Share Options granted
28 March 2013	12.5% of the total number of Share Options granted
28 June 2013	12.5% of the total number of Share Options granted

- (3) Share options granted under the Old Share Option Scheme on 27 December 2012 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
27 December 2012	50% of the total number of Share Options granted
27 March 2013	12.5% of the total number of Share Options granted
27 June 2013	12.5% of the total number of Share Options granted
27 September 2013	12.5% of the total number of Share Options granted
27 December 2013	12.5% of the total number of Share Options granted

- (4) Share options granted under the Old Share Option Scheme on 30 September 2013 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
30 September 2013	50% of the total number of Share Options granted
30 December 2013	12.5% of the total number of Share Options granted
30 March 2014	12.5% of the total number of Share Options granted
30 June 2014	12.5% of the total number of Share Options granted
30 September 2014	12.5% of the total number of Share Options granted

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (5) Share options granted under the Old Share Option Scheme on 31 March 2014 vest in the relevant grantee in accordance with the timetable below with a 10-year exercise period (for the purpose, the date or each such date on which the Share Options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
31 March 2014	50% of the total number of Share Options granted
30 June 2014	12.5% of the total number of Share Options granted
30 September 2014	12.5% of the total number of Share Options granted
31 December 2014	12.5% of the total number of Share Options granted
31 March 2015	12.5% of the total number of Share Options granted

- (6) All Share options granted under the Old Share Option Scheme on 11 May 2015 have either lapsed or been cancelled by the grantees.

- (7) Share options granted under the Old Share Option Scheme on 26 June 2015 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
26 June 2015	50% of the total number of Share Options granted
26 September 2015	12.5% of the total number of Share Options granted
26 December 2016	12.5% of the total number of Share Options granted
26 March 2016	12.5% of the total number of Share Options granted
26 June 2016	12.5% of the total number of Share Options granted

- (8) Share options granted under the Old Share Option Scheme on 25 November 2015 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
25 November 2015	50% of the total number of Share Options granted
25 February 2015	12.5% of the total number of Share Options granted
25 May 2016	12.5% of the total number of Share Options granted
25 August 2016	12.5% of the total number of Share Options granted
25 November 2016	12.5% of the total number of Share Options granted

- (9) Share options granted under the Old Share Option Scheme on 9 September 2016 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
9 September 2016	50% of the total number of Share Options granted
9 December 2016	12.5% of the total number of Share Options granted
9 March 2017	12.5% of the total number of Share Options granted
9 June 2017	12.5% of the total number of Share Options granted
9 September 2017	12.5% of the total number of Share Options granted

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (10) Share options granted under the Old Share Option Scheme on 2 May 2017 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

The 2,875,000 (after the Share Consolidation) Share Options (including the Share Options granted to the Directors) shall be subject to a vesting schedule as follows:

Vesting Date	Percentage of Share Options to vest
2 August 2017	12.5% of the total number of Share Options granted
2 November 2017	12.5% of the total number of Share Options granted
2 February 2018	12.5% of the total number of Share Options granted
2 May 2018	12.5% of the total number of Share Options granted
2 August 2018	12.5% of the total number of Share Options granted
2 November 2018	12.5% of the total number of Share Options granted
2 February 2019	12.5% of the total number of Share Options granted
2 May 2019	12.5% of the total number of Share Options granted

The remaining 2,600,000 (after the Share Consolidation) Share Options shall be subject to a vesting schedule as follows:

Vesting Date	Percentage of Share Options to vest
2 May 2017	50% of the total number of Share Options granted
2 August 2017	12.5% of the total number of Share Options granted
2 November 2017	12.5% of the total number of Share Options granted
2 February 2018	12.5% of the total number of Share Options granted
2 May 2018	12.5% of the total number of Share Options granted

- (11) The Company granted a total of 8,100,000 (after the Share Consolidation) Share Options on 2 May 2017, among which 1,050,000 (after the Share Consolidation) were not accepted by the relevant grantees.

- (12) Share options granted under the Old Share Option Scheme on 15 June 2018 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Out of the 5,496,544 (after the Share Consolidation) Share Options granted, 4,171,544 (after the Share Consolidation) Share Options shall be subject to a vesting schedule as follows:

Vesting Date	Percentage of Share Options to vest
15 June 2018	50% of the total number of Share Options granted
15 September 2018	12.5% of the total number of Share Options granted
15 December 2018	12.5% of the total number of Share Options granted
15 March 2019	12.5% of the total number of Share Options granted
15 June 2019	12.5% of the total number of Share Options granted

CORPORATE GOVERNANCE AND OTHER INFORMATION

The remaining 1,150,000 (after the Share Consolidation) Share Options shall be subject to a vesting schedule as follows:

Vesting Date	Percentage of Share Options to vest
15 September 2018	12.5% of the total number of Share Options granted
15 December 2018	12.5% of the total number of Share Options granted
15 March 2019	12.5% of the total number of Share Options granted
15 June 2019	12.5% of the total number of Share Options granted
15 September 2019	12.5% of the total number of Share Options granted
15 December 2019	12.5% of the total number of Share Options granted
15 March 2020	12.5% of the total number of Share Options granted
15 June 2020	12.5% of the total number of Share Options granted

(13) Mr. Kang, Mr. Leung and Mr. Xu resigned as a Director on 20 March 2021, 10 February 2021 and 29 January 2021 respectively.

Detail of the movement of the share options granted under the New Share Option Scheme during the Period are as follows:

Grantee	Date of grant	Exercise price per Share	After share consolidation					Balance as at 31 December 2021
			Balance as at 1 January 2021	Share options granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	
Director								
Mr. Zhang Zhen	29 May 2019	HK\$0.280	5,000,000	-	-	-	-	5,000,000
Mr. Chau Kwok Keung	29 May 2019	HK\$0.280	5,000,000	-	-	-	-	5,000,000
Mr. Kang Sun ⁽²⁾	29 May 2019	HK\$0.280	150,000	-	-	-	-	150,000
Mr. Leung Ming Shu ⁽²⁾	29 May 2019	HK\$0.280	100,000	-	-	-	-	100,000
Other participants								
Employees	29 May 2019	HK\$0.280	3,325,000	-	-	-	-	3,325,000
Consultants	29 May 2019	HK\$0.280	22,828,456	-	-	-	-	22,828,456
Total			36,403,456	-	-	-	-	36,403,456

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) Share options granted under the New Share Option Scheme on 29 May 2019 shall vest in the relevant grantee in accordance with the timetable below with a 10-year exercise period (for the purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
29 May 2019	50% of the total number of Share Options granted
29 August 2019	12.5% of the total number of Share Options granted
29 November 2019	12.5% of the total number of Share Options granted
29 February 2020	12.5% of the total number of Share Options granted
29 May 2020	12.5% of the total number of Share Options granted

- (2) Mr. Kang and Mr. Leung resigned as a Director on 20 March 2021 and 10 February 2021 respectively.

During the Period save as disclosed above, no options granted under the Old Share Option Scheme or the New Share Option Scheme were lapsed or cancelled.

Further details of the Old Share Option Scheme and the New Share Option Scheme are set out in note 33 to the financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Period for the six months ended 30 June 2022

	NOTES	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	4	16,971	50,347
Cost of sales and services		(11,214)	(42,445)
Gross profit		5,757	7,902
Other income	5	4,173	3,330
Other gains and losses	6	(9,296)	(3,162)
Reversal of impairment loss on financial assets		16,379	–
Selling and distribution expenses		(336)	(384)
Administrative expenses		(12,896)	(17,485)
Research and development expenses		(1,830)	(1,712)
Finance costs	7	(7,851)	(7,236)
Loss before taxation	8	(5,900)	(18,747)
Income tax credit (expenses)	9	1,658	(16)
Loss and total comprehensive expense for the period		(4,242)	(18,763)
(Loss) Profit and total comprehensive (expense) income for the period attributable to			
Owners of the Company		(12,233)	(19,501)
Non-controlling interests		7,991	738
		(4,242)	(18,763)
		RMB cents	RMB cents
Loss per share			
– Basic	11	(1.55)	(2.56)
– Diluted	11	(1.55)	(2.56)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>NOTES</i>	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		91,710	99,016
Investment properties		120,741	127,362
Intangible assets		305	915
Goodwill	12	6,573	6,573
Deposits paid for acquisition of property, plant and equipment		–	691
		219,329	234,557
Current assets			
Inventories		1,511	3,163
Trade receivables	13	1,097	7,486
Deposits, prepayment and other receivables		57,888	39,778
Pledged bank deposits		381	137
Bank balances and cash		42,614	6,768
		103,491	57,332
Current liabilities			
Trade payables	14	45,599	66,759
Other payables and accruals		270,449	97,430
Contract liabilities		1,509	6,380
Interest-bearing borrowings	15	25,494	130,369
Loan from shareholders		4,725	17,669
Tax liabilities		5,836	5,829
Deferred income		4,173	840
Considerable payable		5,130	5,130
Lease liabilities		2,202	2,125
Convertible bonds	16	40,268	38,254
		405,385	370,785
Net current liabilities		(301,894)	(313,453)
Total assets less current liabilities		(82,565)	(78,896)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	NOTES	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Non-current liabilities			
Interest-bearing borrowings	15	6,100	7,500
Deferred tax liabilities		11,171	12,826
Deferred income		11,069	6,489
Lease liabilities		6,801	7,753
		35,141	34,568
Net liabilities		(117,706)	(113,464)
Capital and reserves			
Share capital	17	2,752	2,752
Reserves		(122,616)	(110,383)
Equity attributable to owners of the Company		(119,864)	(107,631)
Non-controlling interests		2,158	(5,833)
Total deficits		(117,706)	(113,464)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period for the six months ended 30 June 2022

	Attributable to owners of the Company							Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Share options reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Property revaluation reserve RMB'000	Accumulated losses RMB'000			
At 1 January 2021 (Audited)	2,556	1,533,039	120,048	21,726	84,583	31,040	(1,880,016)	(87,024)	(2,121)	(89,145)
(Loss) Profit and total comprehensive (expense) income for the period	-	-	-	-	-	-	(19,501)	(19,501)	738	(18,763)
Shares issued upon subscription in March 2021	152	26,386	-	-	-	-	-	26,538	-	26,538
At 30 June 2021 (Unaudited)	2,708	1,559,425	120,048	21,726	84,583	31,040	(1,899,517)	(79,987)	(1,383)	(81,370)
At 1 January 2022 (Audited)	2,752	1,571,637	118,187	17,382	84,583	31,040	(1,933,212)	(107,631)	(5,833)	(113,464)
(Loss) Profit and total comprehensive (expense) income for the period	-	-	-	-	-	-	(12,233)	(12,233)	7,991	(4,242)
At 30 June 2022 (Unaudited)	2,752	1,571,637	118,187	17,382	84,583	31,040	(1,945,445)	(119,864)	2,158	(117,706)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Period for the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Operating activities		
Loss before taxation	(5,900)	(18,747)
Adjustments for:		
Interest income	(24)	(97)
Interest expenses	7,851	7,236
Depreciation of property, plant and equipment	6,173	4,881
Depreciation of right-of-use assets	1,133	919
Amortisation of intangible assets	610	610
Fair value loss on investment properties	6,621	–
Release of deferred income	(2,087)	–
Written-off of property, plant and equipment	–	2,960
Loss on deregistration of an associate	–	159
Loss on deregistration of subsidiaries	–	3,335
Gain on fair value change of derivative component of convertible bonds	–	(2,659)
Gain on derecognition upon redemption of convertible bonds	–	(3,173)
Income from waived of trade payables	–	(692)
Reversal of impairment loss of financial assets	(16,379)	–
Net foreign exchange loss	2,607	952
Operating cash flows before movements in working capital	605	(4,316)
Decrease (Increase) in inventories	1,652	(1,783)
Decrease (Increase) in trade and other receivables	11,429	(21,084)
(Increase) Decrease in advance to suppliers	(6,080)	1,781
Increase in trade and other payables	164,351	37,999
Decrease in contract liabilities	(4,871)	(3,156)
Cash generated from operations	167,086	9,441
Taxes refunded (paid)	10	(1,499)
Net cash from operating activities	167,096	7,942

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Period for the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Investing activities		
Withdrawal of pledged bank deposits	–	21,214
Placement of pledged bank deposits	(244)	–
Interest received	24	97
Net cash (used in) from investing activities	(220)	21,311
Financing activities		
Interest paid	(9,931)	(3,862)
Repayment of interest-bearing borrowings	(119,812)	(23,420)
Repayment of lease liabilities	(1,287)	(1,571)
Net cash used in financing activities	(131,030)	(28,853)
Increase in cash and cash equivalents	35,846	400
Cash and cash equivalents at beginning of the period	6,768	5,126
Cash and cash equivalents at end of the period, represented by bank balances and cash	42,614	5,526

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

1. GENERAL

The condensed consolidated financial statements of Comtec Solar Systems Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to the “Group”) for the six months ended 30 June 2022 were authorised for issue in accordance with a resolution of the board of directors of the Company on 31 August 2022.

The Company is a public limited company incorporated in the Cayman Islands and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 30 October 2009. Its parent company and ultimate holding company is Fonty Holdings Limited, a company incorporated in the British Virgin Islands with limited liability. Its ultimate controlling party is Mr. John Yi Zhang (“Mr. Zhang”), who is the chairman and a director of the Company.

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

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2022 are unaudited, but have been reviewed by the audit committee of the Company. The condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange and International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

2. BASIS OF PREPARATION *(continued)*

The Group incurred a net loss of approximately RMB4,242,000 for the six months ended 30 June 2022 and had net current liabilities and net liabilities of approximately RMB301,894,000 and RMB117,706,000 as at that date respectively. Notwithstanding the above results, the condensed consolidated financial statements have been prepared on a going concern basis, the validity of the going concern basis is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

Also, the directors of the Company are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

- Mr. Zhang has committed to provide necessary financial support in the form of debt and/or equity to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future;
- The another shareholder Mr. Dai Ji have committed to provide necessary financial support in the form of debt and/or equity to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future;
- Historically, the Group has been able to roll over or obtain replacement borrowings from existing credit for most of its short-term interest-bearing borrowings upon their maturity. The Group has assumed it will continue to be able to do so for the foreseeable future;
- The Group has been actively negotiating with a few interested parties who would be interested to restructure the debts of the Company, such that the interested party will negotiate with the lenders to waive/refinance/extend the repayment of loans, and also look into possible equity/debt investment into the Company;
- The Group is adopting strict control of operating and investing activities;
- The leasehold land, buildings and investment properties owned by the wholly-owned subsidiary will dispose and provide additional working capital to the Group; and
- The directors of the Company have carried out a detail review of the working capital forecast of the Group for the twelve months ending 30 June 2022, which took into account the projected future working capital of the Group.

In view of the above, the directors of the Company are of the opinion that there will be sufficient financial resources available to the Group to enable it to meet its liabilities as and when they fall due and to continue as a going concern. Accordingly, the directors of the Company have prepared the condensed consolidated financial statements on a going concern basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

2. BASIS OF PREPARATION *(continued)*

Notwithstanding the above, significant uncertainties exist as to whether the directors of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future and obtain the continuous financial support from its ultimate controlling parties and existing convertible bonds holder.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these condensed consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment property and convertible bonds that are measured at fair value at the end of the reporting period.

Other than changes in accounting policies resulting from the application of new and amendments to International Financial Reporting Standards ("IFRSs") as explained below, the accounting policies and methods of computation used in the condensed consolidation financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

New and amendments to IFRSs that are effective for the current period

The Group has adopted the following new and amendments to IFRS which are effective for the financial year beginning on or after 1 January 2022:

Amendments to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to IFRS 3	Reference to the conceptual framework
Amendments to IAS 16	Property, plant and equipment: proceeds before intended use
Amendments to IAS 37	Onerous contracts – cost of fulfilling a contract
Amendments to IFRSs	Annual improvements to IFRS 2018-2020 Cycle

The adoption of above amendments to IFRSs does not have a material impact on these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

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.

(i) *Disaggregation of revenue from contracts with customers*

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
– Sales of power storage products	10,852	42,282
– Installation services for photovoltaic power stations	–	3,721
– Power generation	4,510	4,344
– Consulting services for construction	1,609	–
	16,971	50,347

(ii) *Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date*

The Group has applied the practical expedient in IFRS 15 to all its contracts such that no information regarding revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date is disclosed because either the remaining performance obligation is part of a contract that has an original expected duration of one year or less or the Group recognises revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the Group's performance completed to date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

4. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker (the "CODM") for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Mono-crystalline and solar products – Production and sales of efficient mono-crystalline products and trading of solar products.
- Solar and power storage – Provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations and production and sales of power storage products.

(i) Segment revenue and results

For the purposes of assessing segment performance and allocating resources between segments, the CODM monitors the results attributable to each reportable segment on the following bases:

Segment result includes revenue and expenses that are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments.

In addition, the CODM is provided with segment information concerning revenue and other information relevant to the assessment of segment performance and allocation of resources between segments.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the CODM for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2022 and 2021 is set out below.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

4. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) *Segment revenue and results (continued)*

For the six months ended 30 June 2022

	Mono-crystalline and solar products RMB'000 (Unaudited)	Solar and power storage RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Disaggregated by timing of revenue recognition			
Point in time	–	10,852	10,852
Over time	–	6,119	6,119
Total revenue	–	16,971	16,971
Segment (loss) profit	(1,067)	17,499	16,432
Unallocated income			4,173
Unallocated corporate expenses			(20,441)
Unallocated finance costs			(6,064)
Loss before taxation			(5,900)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss of each segment without allocation of central and other operating expenses, certain unallocated other income and finance cost. This is the measure reported to the directors of the Company with respect to the resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

4. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment revenue and results *(continued)*

For the six months ended 30 June 2021

	Mono- crystalline and solar products RMB'000 (Unaudited)	Solar and power storage RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Disaggregated by timing of revenue recognition			
Point in time	–	42,282	42,282
Over time	–	8,065	8,065
Total revenue	–	50,347	50,347
Segment (loss) profit	(3,104)	1,190	(1,914)
Unallocated income			3,330
Unallocated corporate expenses			(16,542)
Unallocated finance costs			(3,621)
Loss before taxation			(18,747)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

4. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(ii) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Mono-crystalline and solar products	3,192	3,697
Solar and power storage	117,172	108,408
Total segment assets	120,364	112,105
Corporate and other assets	202,456	179,784
Total assets	322,820	291,889

Segment liabilities

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Mono-crystalline and solar products	1,236	6,278
Solar and power storage	48,843	55,586
Total segment liabilities	50,079	61,864
Corporate and other liabilities	390,447	343,489
Total liabilities	440,526	405,353

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

4. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(ii) Segment assets and liabilities *(continued)*

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segment, other than unallocated property, plant and equipment, unallocated right-of-use assets, investment properties, intangible assets, interest in an associate, goodwill, unallocated deposits, prepayments and other receivables, bank balances and cash and other corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- All liabilities are allocated to operating segments, other than unallocated other payables and accruals, unallocated lease liabilities, unallocated interest-bearing borrowings, convertible bonds, consideration payable, deferred tax liabilities and other corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

4. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(iii) Other segment information

For the six months ended 30 June 2022 (unaudited)

	Mono-crystalline and solar products RMB'000	Solar and power storage RMB'000	Unallocated RMB'000	Total RMB'000
Amounts include in the measure of segment profit or loss of segment assets:				
Depreciation and amortisation	502	3,415	3,999	7,916
Reversal of impairment loss on financial assets	-	16,379	-	16,379
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss of segment assets:				
Finance costs	565	1,222	6,064	7,851
Income tax expenses	-	1,655	3	1,658

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

4. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(iii) Other segment information *(continued)*

For the six months ended 30 June 2021 (unaudited)

	Mono-crystalline and solar products RMB'000	Solar and power storage RMB'000	Unallocated RMB'000	Total RMB'000
Amounts include in the measure of segment profit or loss of segment assets:				
Depreciation and amortisation	3,104	3,097	209	6,410
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss of segment assets:				
Finance costs	–	3,615	3,621	7,236
Income tax credit	–	(16)	–	(16)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

5. OTHER INCOME

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Government grants (note)	2,087	234
Rental income	2,010	2,213
Income from waived of trade payables	–	692
Interest income	24	97
Others	52	94
	4,173	3,330

Note: The government grants mainly represent the amount received from the local government by operating subsidiaries of the Group to encourage activities aimed out by the Group in clean energy industry and high-technology advancement. No specific conditions are attached to the grant.

6. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Net foreign exchange loss	(2,513)	(2,467)
Fair value loss on investment properties	(6,621)	–
Written-off of property, plant and equipment	–	(2,960)
Gain on fair value change of derivative component of convertible bonds	–	2,659
Gain on derecognition upon redemption of convertible bonds	–	3,173
Loss on deregistration of an associate	–	(159)
Loss on deregistration of subsidiaries	–	(3,335)
Others	(162)	(73)
	(9,296)	(3,162)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

7. FINANCE COSTS

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest on borrowings	4,316	3,753
Interest on convertible bonds	3,122	2,858
Interest on leases liabilities	412	516
Others	-	109
	7,850	7,236

8. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

(a) Staff costs

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Directors' emoluments	398	475
Other staffs costs (exclude of director's emoluments)		
– Salaries, wages, bonus and other benefits	2,598	3,665
– Retirement benefits schemes contributions	304	481
Total staff costs	3,291	4,621

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

8. LOSS BEFORE TAXATION *(continued)*

(b) Other items

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Depreciation charge		
– owned property, plant and equipment	6,173	4,881
– right-of-use assets	1,133	919
	7,306	5,800
Amortisation cost of intangible assets	610	610
Amount of inventories recognised as an expense	7,696	31,436

9. TAXATION

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current tax		
PRC Enterprise Income Tax	3	(16)
Deferred tax		
Current period	1,655	–
Income tax credit (expense)	1,658	(16)

No Hong Kong Profits Tax was provided for the six months ended 30 June 2022 and 2021 as the group entities had no assessable profits or incurred tax losses in Hong Kong.

PRC Enterprise Income Tax was calculated at the applicable tax rate of 25% in accordance with the relevant laws and regulations in the PRC for the six months ended 30 June 2022 and 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

10. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2022 and 2021.

11. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Loss		
Loss for the period attributable to owners of the Company	(12,233)	(19,501)
Number of shares		
Weighted average number of ordinary shares	791,709,002	760,965,803

The outstanding share options and conversion option of the convertible bonds of the Company have not been included in the computation of diluted loss per share as they are anti-dilutive for the six months ended 30 June 2022 and 2021.

12. GOODWILL

	At	
	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Cost	108,683	108,683
Accumulated impairment	(102,110)	(102,110)
	6,573	6,573

The net carrying amount of the goodwill arose from acquisition of the solar and power storage business.

Impairment review on the goodwill of the Group has been conducted by the management annually according to IAS 36 "Impairment of assets". For the purposes of impairment review, the recoverable amount of goodwill is determined based on the higher amount of the fair value less cost of disposal ("FVLCD") and value-in-use calculations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

13. TRADE RECEIVABLES

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Trade receivables, net of allowance	1,097	7,486
	1,097	7,486

The Group requests prepayment from customers before delivery of goods and allows a credit period of 7 to 180 days for the remaining balance on case-by-case basis. The following is an ageing analysis of trade receivables net of impairment based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
0 to 30 days	1,055	1,018
31 to 60 days	42	151
61 to 90 days	-	135
91 to 180 days	-	1,703
Over 180 days	-	4,479
	1,097	7,486

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

14. TRADE PAYABLES

The following is an ageing analysis of trade payables based on the invoice date at the end of the reporting period:

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
0 to 30 days	656	6,415
31 to 60 days	2,557	3,895
61 to 90 days	–	142
91 to 180 days	–	1,694
Over 181 days	–	10,126
Over 1 year	42,386	44,487
	45,599	66,759

The average credit period on purchases of goods is 7 to 180 days and certain suppliers grant a longer credit period on a case-by-case basis.

15. INTEREST-BEARING BORROWINGS

	<i>NOTES</i>	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Bank loans			
– secured	15(a)	8,900	109,062
Other borrowings			
– unsecured	15(b)	22,694	28,807
		31,594	137,869

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

15. INTEREST-BEARING BORROWINGS *(continued)*

(a) Bank loans

The bank loans are repayable:

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Within 1 year or on demand	2,800	101,562
After 1 year but within 2 years	2,800	2,800
After 2 years but within 5 years	3,300	4,700
	6,100	7,500
	8,900	109,062

(b) Other borrowings

At the end of the reporting period, the Group's other borrowings are unsecured, interest-bearing at rates ranging from 10% to 24.0% per annum and repayable within twelve months.

16. CONVERTIBLE BONDS

The Company issued USD settled convertible bonds (the "Bonds") at an aggregate principal amount of USD10,000,000 with interest rate of 10% per annum on 27 July 2018.

The principal terms of the Bonds

- (i) Denomination of the Bonds – The Bonds are denominated and settled in USD.
- (ii) Maturity date – The third anniversary of the date of issuance, which is 27 July 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

16. CONVERTIBLE BONDS *(continued)*

The principal terms of the Bonds *(continued)*

- (iii) Interest – The Bonds carry interest at 10% per annum, accrued on a daily basis, of which 3% shall be paid in cash semi-annually in arrears and 7% should be paid in cash upon redemption or maturity.
- (iv) Conversion
 - (a) Conversion price – The conversion price is HKD0.174 per share, subject to adjustments.

Upon the completion of the share consolidation on 28 August 2019, the conversion price has been increased to HKD0.696 per share.
 - (b) Conversion period – The bondholder shall have the right, on any business day after the date of issuance until and including the seventh business day immediately preceding the maturity date, to convert the whole or part of the outstanding principal amounts of the Bonds.
 - (c) Number of conversion shares issuable – The number of conversion shares to be issued shall be calculated based on the principal amount of the Bonds being converted and the conversion price applicable on the relevant conversion date. No fraction of a share shall be issued on conversion of the Bonds.

The Bonds contain two components, the debt component and the derivative component. The effective interest of the debt component is 12.44%. The derivative component is measured at fair value with changes in fair value recognised in profit or loss subsequently.

The Company received the conversion notices from the subscriber for the exercise of the conversion rights attached to the Bonds in respect of the aggregate principal amount of USD2,000,000 and USD2,000,000 on 5 March 2021 and 18 March 2021 respectively. Pursuant to the conversion price of HKD0.696 per conversion share which is the adjusted conversion price after implementation of the share consolidation on 28 August 2019, a total number of 22,556,896 and 22,556,896 conversion shares have been issued to the subscriber on 5 March 2021 and 18 March 2021 respectively.

As at 30 June 2022, the Bonds of the aggregate principal amount of USD6,000,000 is overdue.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

16. CONVERTIBLE BONDS *(continued)*

The principal terms of the Bonds *(continued)*

The movements of the debt and derivative components of the Bonds for the year are set out below:

	Debt component RMB'000	Derivative component RMB'000
At 1 January 2021 (Audited)	74,460	10,127
Imputed interest	3,293	–
Interest paid	(9,081)	–
Gain on fair value changes	–	(6,268)
Conversion during the year	(29,852)	(4,079)
Exchange difference	(566)	220
	38,254	–
At 31 December 2021 and 1 January 2022 (Audited)	38,254	–
Exchange difference	2,014	–
	40,268	–
At 30 June 2022 (unaudited)	40,268	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

17. SHARE CAPITAL

	At 30 June 2022		At 31 December 2021	
	No. of shares (Unaudited)	HKD'000 (Unaudited)	No. of shares (Audited)	HKD'000 (Audited)
Authorised:				
Ordinary shares of HK\$0.004 each	1,900,000,000	7,600	1,900,000,000	7,600
Issued and fully paid:				
At the beginning of period/year	791,709,002	3,167	733,174,710	2,933
Shares issued upon conversion of convertible bonds (note)	–	–	45,113,792	180
Share issued upon exercise of share option	–	–	13,420,500	54
At the end of the period/year	791,709,002	3,167	791,709,002	3,167
Presented in RMB:		At 30 June 2022 RMB'000 (Unaudited)		At 31 December 2021 RMB'000 (Audited)
Ordinary shares		2,752		2,752

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

17. SHARE CAPITAL *(continued)*

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Note: On 5 March 2021 and 18 March 2021, conversion options of convertible bonds were exercised to subscribe 45,113,792 ordinary shares of the Company in aggregate, with exercise price of HK\$0.696 per share among which approximately HK\$180,000 (equivalent to RMB152,000) was credited to share capital and approximately HK\$31,219,000 (equivalent to RMB26,386,000) was transferred from carrying amount of the convertible bonds to the share premium.

18. SHARE-BASED COMPENSATION

(a) Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years from 2 October 2009, after which no further options will be granted or offered. The Share Option Scheme expired on 1 October 2019.

Set out below are the details of movements of the outstanding options granted under the Share Option Scheme during the six months ended 30 June 2022 and the year ended 31 December 2021:

Date of grant	2021				2022					
	At 1 January 2021	Cancelled	Lapsed	At 31 December 2021	Exercise price (HKD)	At 1 January 2022	Cancelled	Lapsed	At 31 December 2022	Exercise price (HKD)
15 June 2018 (a)	5,321,544	-	-	5,321,544	0.604	5,321,544	-	-	5,321,544	0.604
2 May 2017	5,475,000	-	-	5,475,000	1.340	5,475,000	-	-	5,475,000	1.340
9 September 2016	4,500,000	-	-	4,500,000	2.240	4,500,000	-	-	4,500,000	2.240
25 November 2015	10,650,000	-	-	10,650,000	2.944	10,650,000	-	-	10,650,000	2.944
26 June 2015	5,000,000	-	-	5,000,000	6.000	5,000,000	-	-	5,000,000	6.000
31 March 2014	225,000	-	-	225,000	5.544	225,000	-	-	225,000	5.544
30 September 2013	1,005,000	-	-	1,005,000	7.480	1,005,000	-	-	1,005,000	7.480
27 December 2012	1,212,500	-	-	1,212,500	5.048	1,212,500	-	-	1,212,500	5.048
28 June 2012	12,500	-	-	12,500	3.920	12,500	-	-	12,500	3.920
	33,401,544	-	-	33,401,544		33,401,544	-	-	33,401,544	

All of the above options are fully vested and exercisable as at 30 June 2022 and 31 December 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

18. SHARE-BASED COMPENSATION *(continued)*

(b) New Share Option Scheme

Set out below are the details of movements of the outstanding options granted under the New Share Option Scheme during the six months ended 30 June 2022:

Date of grant	1 January 2021	Exercise	Cancelled	Lapsed	At 31 December 2021, 1 January 2022 and 30 June 2022
29 May 2019	36,403,456	(13,420,500)	-	-	22,982,956
Exercise price (HKD)	0.280				0.280
Exercisable	36,403,456				22,982,956

The Group did not recognise any expenses for the six months ended 30 June 2022 and 2021 in relation to the share options granted by the Company under the New Share Option Scheme.

19. PLEDGED OF ASSETS

	At 30 June 2022 RMB'000 (Unaudited)	At 31 December 2021 RMB'000 (Audited)
Buildings	-	23,689
Leasehold land	-	8,918
Plant and machinery	6,737	7,640
Investment properties	-	127,362
Bank deposits	381	137
	7,118	167,746

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2022

20. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the six months ended 30 June 2022 was as follows:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Basic salaries and allowances	649	1,197
Retirement benefit scheme contributions	14	81
Share-based payments expense	–	–
	663	1,278

The remuneration of directors and key management personnel is determined by the remuneration committee of the Company having regard to the performance of the individuals and market trends.

21. LITIGATION

On 27 April 2021, the Company received a writ of summons issued in the High Court of the Hong Kong Special Administrative Region Court of First Instance by the solicitors acting for Putana Limited, as the plaintiff (the "Plaintiff"), against the Company for the sum approximately of US\$513,000 (equivalent to RMB3,443,000) of the reminded outstanding other borrowings as at 14 December 2020, being money payable by the Company to the Plaintiff for other borrowings by the Plaintiff for the Company.

22. EVENT AFTER REPORTING PERIOD

On 1 June 2022, the Group announced that the wholly-owned subsidiary entered into the sale and purchase agreement with an individual third party to sell the leasehold land, buildings and investment properties in Shanghai of the consideration of RMB180,000,000. On 29 July 2022, the Group further announced that the circular related to the very substantial disposal of properties will be further postponed to a date on or before 31 August 2022.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“1111”	1111 Limited, a company incorporated under the laws of Hong Kong
“Board” or “Board of Directors”	the board of Directors
“Company”	Comtec Solar Systems Group Limited
“Comtec Windpark Renewable”	Comtec Windpark Renewable (Holdings) Co Ltd, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of US\$10.0 million due 2021 with interest rate per annum of 10.0% issued by the Company to Putana Limited, a company incorporated under the laws of British Virgin Islands and an independent third party, and such issuance was completed and closed on 31 July 2018
“Corporate Governance Code”	Code on corporate governance practices contained in Appendix 14 to the Listing Rules
“Directors(s)”	the director(s) of the Company
“Fonty”	Fonty Holdings Limited, a company incorporated under the laws of the British Virgin Islands
“Global Offering” or “IPO”	the listing of the Shares on the Stock Exchange on 30 October 2009
“Group”	the Company and its subsidiaries
“HK\$ ” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Kexin”	Zhejiang Kexin Power System Design and Research Company Limited* (鎮江科信動力系統設計研究有限公司), a company incorporated under the laws of the PRC and a partially-owned subsidiary of the Company

DEFINITIONS

“Listing Date”	30 October 2009, the date on which dealings in the Shares first commenced on the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model code for securities transactions by directors of listed issuers contained in Appendix 10 to the Listing Rules
“Mr. Zhang” or “Mr. John Yi Zhang”	Mr. John Yi Zhang, an executive Director and the chairman of the Board
“MW”	megawatt, which equals 106 Watt
“NDRC”	the National Development and Reform Commission of the PRC
“Period”	The six months ended 30 June 2022
“PRC” or “China”	the People’s Republic of China which, for the purpose of this report, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus of the Company dated 19 October 2009
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	Ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Share Consolidation”	the share consolidation of every four issued and unissued Unconsolidated Shares into one (1) Share
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“The9”	The9 Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands which has American depositary shares listed on the NASDAQ under trading symbol “NCTY”
“Unconsolidated Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company prior to the Company’s share consolidation which took effect on 28 August 2019
“USD”	United States dollars, the lawful currency of the United States of America
“*”	For identification only
“%”	per cent