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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

RESULTS HIGHLIGHTS

- Revenue for the Period was RMB574.7 million, up 33.9% year-on-year from RMB429.1 million for the corresponding period in 2010
- Gross profit for the Period was RMB135.4 million, up 38.2% year-on-year from RMB98.0 million for the corresponding period in 2010
- Gross profit margin for the Period was 23.6%, improved from 22.8% for the corresponding period in 2010
- Net profit for the Period was RMB101.6 million, up 48.1% year-on-year from RMB68.6 million for the corresponding period in 2010
- Net profit margin for the Period was 17.7%, improved from 16.0% for the corresponding period in 2010
- Overall shipment for the Period was approximately 109.4 MW
- Commenced shipments of our advanced monocrystalline wafers (the "Super Mono Wafers") which can achieve approximately over 20% improvement in the conversion efficiency comparing to traditional P-type monocrystalline wafers and we target to increase its shipments to no less than 30% of our total shipments of monocrystalline wafers in second half of 2011 and no less than 50% of our total shipments of monocrystalline wafers in 2012

- The electricity infrastructure for our production facility in Hai'An has been completed and the relevant equipment at the facility will gradually commence production
- In June 2011, the Group successfully issued a five-year convertible bond of approximately RMB650 million, together with a warrant to subscribe for approximately US$50 million of new Shares
- We target to expand our production capacity to approximately 1,400 MW within the first half of 2012

Note: Compared to the six months ended 30 June 2010.

CHAIRMAN'S STATEMENT

On behalf of Comtec Solar Systems Group Limited, I am pleased to report the unaudited interim results of the Group for the Period. During the Period, we maintained a healthy gross profit margin of 23.6% despite a soft macro market in which average selling prices declined along the whole industry supply chain. By leveraging our leading wafer manufacturing platform, rigorous cost reduction efforts, prudent polysilicon purchasing strategy and healthy financial position, we have been successful in maintaining profitable operation and driving continued healthy growth of our business in a competitive and challenging industry environment.

Below are some of the financial and business highlights of the Group for the Period:

- Revenue for the Period was RMB574.7 million, up 33.9% year-on-year from RMB429.1 million for the corresponding period in 2010;
- Gross profit for the Period was RMB135.4 million, up 38.2% year-on-year from RMB98.0 million for the corresponding period in 2010;
- Gross profit margin for the Period was 23.6%, improved from 22.8% for the corresponding period in 2010;
- Net profit for the Period was RMB101.6 million, up 48.1% year-on-year from RMB68.6 million for the corresponding period in 2010;

- Net profit margin for the Period was 17.7%, improved from 16.0% for the corresponding period in 2010;

- Overall shipment for the Period was approximately 109.4 MW;

- Commenced shipments of our advanced monocrystalline wafers (the "Super Mono Wafers") which, based on feedback from our customers, can achieve approximately over 20% improvement in the conversion efficiency comparing to traditional P-type monocrystalline wafers and we target to increase its shipments to no less than 30% of our total shipments in second half of 2011 and no less than 50% of our total shipments in 2012;

- The electricity infrastructure for our production facility in Hai'An has been completed and the relevant equipment at the facility will be gradually in production;

- In June 2011, the Group successfully issued a five-year convertible bond of approximately RMB650 million, together with a warrant to subscribe for approximately US$50 million of new Shares; and

- We target to expand to approximately our production capacity 1,400 MW within the first half of 2012.

The Company's industry-leading brand recognition and our strong capabilities to bring advanced and premium products to market enabled us to secure strong demand for our products and to further grow the business even under a challenging industry environment. During the Period, our shipment volume was approximately 109.4 MW, increased by approximately 28.3% from 85.3 MW for the corresponding period in 2010. Further, as the electricity infrastructure for our production facility in Hai'An has been completed and the relevant equipment at the facility will gradually commence production, we expect our shipment volume would increase materially in the second half of 2011.

During the Period, we completed qualification process and pilot orders on our Super Mono Wafers, which, based on feedback from our customers, can achieve approximately over 20% improvement in the conversion efficiency comparing to traditional P-type monocrystalline wafers. We have received very positive feedback from our customers on our Super Mono Wafers and we have already commenced massive production of this premium product since July 2011. We target to gradually increase the shipment of Super Mono Wafers to no less than 30% of our total shipment of monocrystalline wafers in the second half of 2011 and no less than 50% of our total shipment of monocrystalline wafers in 2012. We believe more advanced and efficient products would further strengthen our cost advantages and it would also benefit our customers by improving their cost effectiveness.

In an increasingly competitive market of solar products, we strive to differentiate ourselves by staying committed to offering value-added products with premium quality to our customers. We believe the "Comtec Solar" brand is recognised to stand for quality in the market. We maintain the strength of our brand by executing a stringent manufacturing process, tailoring our products to accommodate the highest industry standards and leveraging on our extensive track record on superior product quality.

We also benefited from our continuous cost reduction efforts and efficient execution to improve our profitability even under a challenging industry environment. Our gross profit for the Period was RMB135.4 million, up by approximately 38.2% from RMB98.0 million for the corresponding period in 2010. Our gross profit margin for the Period also improved to 23.6% from 22.8% for the corresponding period in 2010. Amidst a challenging macro environment, we have maintained profitable performance and healthy profit margins.

In response to strong market demand and customer requests on premium products, which have high value-added features and are technically advanced, we are in the process of expanding our manufacturing capacity. We will expand our production capacity to approximately 1,400 MW (on an annualized basis) during first half of 2012. We will continue to build up our capacities and are confident in our ability to drive down costs and remain an industry leader in low-cost wafers.

In June 2011, the Company successfully issued a five-year convertible bond of approximately RMB650 million, together with a warrant to subscribe for approximately US$50 million of new Shares, to strengthen our financial position for our long term expansion requirements as we build our capacities to match the growth in market demand and increase our market share. We also made an application to the Taiwan Stock Exchange and the Taiwan Central Bank for the offering and listing of Taiwan Depositary Receipts ("TDRs"), representing 100 million new Shares to be issued by the Company, on the Taiwan Stock Exchange. The issue of the TDRs is subject to approval by the Taiwan Securities and Futures Bureau, the Taiwan Stock Exchange and the Taiwan Central Bank. Due to the recent and ongoing volatility in the global financial markets and the absence of any immediate need to raise funds for working capital, we believe it would be in the best interests of the Group and our shareholders to further observe the market performance and to launch the proposed issue of TDRs when the market momentum improves.

Amidst a challenging macro environment during the Period, the sharp decline in average selling prices along the industry supply chain has helped to substantially lower the cost of solar energy on per watt basis. We believe the demand for solar products is highly price-elastic. The continuous decrease in selling prices of solar products would sustain the strong prospects of the cost leaders in the industry and would strengthen the barrier to entry to the industry. Continuous upgrading of production techniques and enhancement of operational effectiveness in the industry has accelerated the progress towards grid-parity and created opportunities for us. Demand in major solar markets is shifting from the ground-mounted segment toward roof-tops. Major solar cell manufacturers continue to adjust their business strategies and align their resources to cells with high efficiencies, which resulted in stronger demand for advanced monocrystalline wafers.

With our high-quality products, successful brand penetration, strong customer loyalties, powerful research and development capabilities and fast expanding capacity, we are confident in solidifying our leading position in the rapidly growing industry and further increasing our market shares. Looking ahead, we will remain focused on continuous improvement in the conversion efficiency of our solar wafer products and rigorous reduction in our production costs, where we have demonstrated solid track records and established competitive advantages.

On behalf of the Board, I would like to express my sincere gratitude to our shareholders and business partners for their support and trust in us, and also to our management and employees for their hard work. We look forward to creating greater value and return for our shareholders.

INTERIM RESULTS

The Board is pleased to announce the interim results and the unaudited condensed consolidated interim financial statements of the Group for the Period, together with the comparative figures for the corresponding period in 2010. These results have been reviewed by the Company's audit committee, comprising all of the independent non-executive Directors and a non-executive Director, one of the independent non-executive Directors chairs the committee.

Condensed Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2011

		Six months ended 30 June	
	NOTES	**2011**	2010
		RMB'000	*RMB'000*
		(Unaudited)	*(Unaudited)*
Revenue		**574,736**	429,062
Cost of sales		**(439,311)**	(331,048)
Gross profit		**135,425**	98,014
Other income		**15,508**	7,891
Distribution and selling expenses		**(769)**	(791)
Administrative expenses		**(18,771)**	(15,407)
Other gains and losses		**14,138**	(5,130)
Finance costs		**(7,997)**	(3,799)
Profit before taxation	5	**137,534**	80,778
Taxation	6	**(35,910)**	(12,219)
Profit and total comprehensive income for the period, attributable to the owners of the Company		**101,624**	68,559
		RMB cents	*RMB cents*
Earnings per share			
– Basic	8	**8.96**	6.65
– Diluted	8	**8.95**	6.65

Condensed Consolidated Statement of Financial Positions
at 30 June 2011

	NOTES	**30 June 2011**	31 December 2010
		RMB'000	*RMB'000*
		(Unaudited)	*(Audited)*
Non-current assets			
Property, plant and equipment		**830,456**	715,847
Prepaid lease payments – non-current		**40,005**	21,473
Deposits paid for acquisition of property, plant and equipment		**52,208**	118,299
Advance to suppliers		**398,755**	279,499
Deferred tax assets		**611**	689
		1,322,035	1,135,807
Current assets			
Inventories		**294,729**	247,803
Trade and other receivables	9	**193,728**	155,467
Bills receivable	9	**139,081**	2,000
Advance to suppliers		**89,791**	77,180
Prepaid lease payments – current		**842**	458
Pledged bank deposits		**97,737**	—
Bank balances and cash		**711,233**	293,677
		1,527,141	776,585
Current liabilities			
Trade and other payables	10	**156,799**	193,746
Customers' deposits received		**13**	13,770
Taxation payable		**10,873**	19,077
Short-term bank loans		**395,525**	170,000
		563,210	396,593
Net current assets		**963,931**	379,992
Total assets less current liabilities		**2,285,966**	1,515,799

	NOTE	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Capital and reserves			
Share capital		**999**	998
Reserves		**1,887,337**	1,510,345
Total equity		**1,888,336**	1,511,343
Non-current liabilities			
Deferred tax liabilities		**4,672**	4,456
Convertible bonds	11	**372,958**	—
Long-term bank loans		**20,000**	
		397,630	4,456
		2,285,966	1,515,799

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2011

1. GENERAL

The Company is a public limited company incorporated in the Cayman Island, and its shares are 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 Zhang ("Mr. Zhang").

The Company is an investment holding company. The principal activities of the Company's subsidiaries are the manufacturing and sales of solar wafers, semiconductors and related products.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with International Accounting Standard 34 "Interim Financial Reporting".

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised IFRSs"). The application of the new and revised IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new or revised standards that have been issued but not yet effective.

IFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
IFRS 9	Financial Instruments[2]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[4]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[3]
IAS 19 (Revised 2011)	Employee Benefits[2]
IAS 27 (Revised 2011)	Separate Financial Statements[2]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]

1 Effective for annual periods beginning on or after 1 July 2011.

2 Effective for annual periods beginning on or after 1 January 2013.

3 Effective for annual periods beginning on or after 1 January 2012.

4 Effective for annual periods beginning on or after 1 July 2012.

The directors of the Company anticipate that the application of these new or revised standards will have no material impact on the results and the financial position of the Group.

4. SEGMENT INFORMATION

The Group is currently operating in the manufacturing and sales of solar wafers and related products. Mr. Zhang, the chief operating decision maker of the Group, regularly reviews revenue analysis by major products and the profit of the Group as a whole for the purposes of performance assessment and making decisions about resources allocation. Accordingly, the Group has only one operating segment for financial reporting purpose.

5. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Profit before taxation has been arrived at after charging:		
Cost of inventories recognised as expense	**439,311**	331,048
Depreciation of property, plant and equipment	**22,842**	18,982
Release of prepaid lease payments	**294**	162
Research and development expenses	**3,943**	4,092
Operating lease rentals in respect of rented premises	**566**	481

6. TAXATION

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
PRC Enterprise Income Tax		
– Current period	**35,616**	11,908
Deferred taxation	**294**	311
	35,910	12,219

Taxation arising in the PRC is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 25% for the six months ended 30 June 2011 (six months ended 30 June 2010: 15%) as certain of the Group's subsidiaries operating in the PRC which were eligible for certain tax holidays and concessions in prior years have applied standard tax rate of 25% in current interim period due to expiry of the relevant tax holidays and concession. Withholding tax has been provided for based on the anticipated dividends to be distributed by the PRC entities to non-PRC residents.

7. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2011. During the six months ended 30 June 2010, a final dividend of RMB0.73 cent per ordinary share in respect of the year ended 31 December 2009 was declared and paid to the owners of the Company. The aggregate amount of final dividend declared and paid in the six months ended 30 June 2010 amounted to approximately RMB7,532,000.

The directors of the Company do not recommend the payment of an interim dividend.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the period is based on the following data.

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Profits		
Earnings for the purposes of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	**101,624**	68,559
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,133,751,238**	1,031,738,000
Effect of dilutive potential ordinary shares:		
– Share options	**1,362,936**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,135,114,174**	1,031,738,000

The outstanding convertible bonds and warrants of the Company did not have dilutive effect to the Company's earnings per share during the six months ended 30 June 2011 because the exercise prices of the Company's Conversion Shares and the warrants were higher than the average market prices of the Company's shares during the period from the issue of the convertible bonds and warrants of the Company, i.e. 17 June 2011, to the end of the reporting period.

The outstanding share options of the Company did not have a dilutive effect to the Company's earnings per share during the six months ended 30 June 2010 because the exercise prices of the Company's share options were higher than the average market prices of the Company's shares during that period.

9. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLE

	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade receivables	**71,619**	73,326
Utility deposits	**5,791**	1,873
Value-added-tax recoverable	**113,390**	71,040
Other receivables and prepayments	**2,928**	9,228
	193,728	155,467
Bills receivable	**139,081**	2,000

The Group requested prepayment from customers before delivery of goods and allows a credit period of 7 to 180 days on a case-by-case basis. The following is an analysis of trade receivables by age, presented based on invoice date.

	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Age		
0 to 30 days	**50,659**	49,317
31 to 60 days	**6,958**	22,431
61 to 90 days	**12,489**	1,575
91 to 180 days	**1,513**	3
	71,619	73,326

The following is an analysis of bills receivable by age, presented based on invoice date.

	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Age		
0 to 30 days	**78,541**	—
31 to 60 days	**60,540**	2,000
	139,081	2,000

10. TRADE AND OTHER PAYABLES

	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade payables	**79,188**	63,174
Value-added tax payables	**102**	403
Payables for acquisition of property, plant and equipment	**60,766**	117,774
Other payables and accrued charges	**16,743**	12,395
	156,799	193,746

The following is an analysis of trade payables by age, presented based on invoice date.

	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Age		
0 to 30 days	**36,774**	44,940
31 to 60 days	**30,566**	15,866
61 to 90 days	**9,635**	441
91 to 180 days	**1,558**	547
Over 180 days	**655**	1,380
	79,188	63,174

11. CONVERTIBLE BONDS

The Company issued convertible bonds at a par value of RMB 100,000 each with an aggregate principal amount of approximately RMB 650 million on 17 June 2011 to an independent third party who is neither connected nor related to the Group. Concurrent with the issuance of the bonds, 95,121,951 fully detachable and transferrable warrants each to purchase one ordinary share of the Company were issued.

The convertible bonds contain two components, liability and equity elements. The equity element is presented in equity as convertible bonds equity reserve. The effective interest rate of the liability component is 12.00 % per annum. The movement of the liability component of the convertible bonds for the six months ended 30 June 2011 is set out below:

	RMB'000
At initial recognition	371,381
Interest charge	1,577
Carrying amount at 30 June 2011	(note) 372,958

Note: The fair values of the convertible bonds and warrants at 17 June 2011 represented fair values of the liability component and equity component, which consisted of conversion option of the convertible bonds and warrants, of approximately RMB371,381,000 and RMB275,551,000, respectively. Transaction costs related to the issuance of the bonds and warrants of approximately was RMB1,208,000 and have been recognised in the condensed consolidated financial statements.

12. Comparatives information

The Group's annual financial statements for the year ended 31 December 2010 presented net exchange difference and gain or loss arising on the disposal of an item of property, plant and equipment as part of the Group's other gains and losses and presented share-based payments as part of the Group's administrative expenses. In pior years, such items were included in administrative expenses, other income and other expenses, respectively. Accordingly, the comparative figures in the condensed consolidated statement of comprehensive income have been restated for consistency of presentation with the current period which is in line with those of the annual financial statements for the year ended 31 December 2010 and better reflected the relevance of financial information of the Group's activities. The reclassification has had no net effect on the results of the Group for the six months ended 30 June 2010.

The effect of changes in presentation for the six months ended 30 June 2010 by line items presented in the condensed consolidated statement of comprehensive income is as follows:

	Six months ended 30 June 2010 *RMB'000*
Decrease in other income	(3)
Increase in administrative expenses	3,399
Decrease in other gains and losses	(5,130)
Decrease in other expenses	1,734
Change in profit for the period	—

Reclassification disclosed above had no effects on the financial position of the Group presented in the condensed consolidated statement of financial position in respect of the end of the relevant financial period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company's industry-leading brand recognition and our strong capabilities to bring advanced and premium products to market enabled us to secure strong demand for our products and to further grow the business even under a challenging industry environment. During the Period, our shipment volume was approximately 109.4 MW, increased by approximately 28.3% from 85.3 MW for the corresponding period in 2010. Further, as the electricity infrastructure for our production facility in Hai'An has been completed and the relevant equipment at the facility will gradually commence production in the third quarter of 2011, we expect our shipment volume would increase materially in the second half of 2011.

During the Period, we completed qualification process and pilot orders on our advanced monocrystalline wafers (the "Super Mono Wafers") which, based on feedback from our customers, can achieve approximately over 20% improvement in the conversion efficiency comparing to traditional P-type monocrystalline wafers. We have received positive feedback from our customers on our Super Mono Wafers and we have already commenced massive production of this premium product since July 2011. We target to gradually increase the shipment of Super Mono Wafers to no less than 30% of our total shipment of monocrystalline wafers in the second half of 2011 and no less than 50% of our total shipment of monocrystalline wafers in 2012. We believe more advanced and efficient products would further strengthen our cost advantages and it would also benefit our customers by improving their cost effectiveness.

In an increasingly competitive market of solar products, we strive to differentiate ourselves by staying committed to offering value-added products with premium quality to our customers. We believe the "Comtec Solar" brand is recognised to stand for quality in the market. We maintain the strength of our brand by executing a stringent manufacturing process, tailoring our products to accommodate the highest industry standards and leveraging on our extensive track record of superior product quality.

Our five largest customers in the Period represented 76.2% of our total revenues, comparing to 68.5% in the corresponding period in 2010. Our largest customer accounted for approximately 31.2% of our total revenues in the Period while our largest customer for the corresponding period in 2010 represented approximately 19.8% of our total revenues in that period. During the Period, our sales to PRC and Taiwan-based customers represented in aggregate approximately 92.9% of our total revenue, as compared to 99.0% in the corresponding period in 2010.

We also benefited from our continuous cost reduction efforts and efficient execution to improve our profitability even under a challenging industry environment. Our gross profit for the Period was RMB135.4 million, up by approximately 38.2% from RMB98.0 million for the corresponding period in 2010. Our gross profit margin for the Period also improved to 23.6% from 22.8% for the corresponding period in 2010. Our unaudited net profit for the Period was RMB101.6 million, up by approximately 48.1% from RMB68.6 million for the corresponding period in 2010. Our net profit margin in the Period expanded to over 17.7% from 16.0% in the corresponding period in 2010. During the Period, our average unit cost for polysilicon was approximately RMB404.6 per kg, as compared to RMB340.7 per kg for the corresponding period in 2010. Amidst a challenging macro environment, we have maintained profitable performance and healthy profit margins.

In response to strong market demand and customer requests for premium products, which have high value-added features and are technically advanced, we are in the process of expanding our manufacturing capacity. We will expand our production capacity to approximately 1,400 MW (on an annualized basis) within first half of 2012. We will continue to build up our capacities and are confident in our ability to drive down costs and remain an industry leader in low-cost wafers.

In June 2011, the Company successfully issued a five-year convertible bond of approximately RMB650 million, together with a warrant to subscribe for approximately US$50 million of new Shares, to strengthen our financial position for our long term expansion requirements as we build our capacities to match the growth in market demand and increase our market share. We also made an application to the Taiwan Stock Exchange and the Taiwan Central Bank for the offering and listing of TDRs, representing 100 million new Shares to be issued by the Company, on the Taiwan Stock Exchange. The issue of the TDRs is subject to approval by the Taiwan Securities and Futures Bureau, the Taiwan Stock Exchange and the Taiwan Central Bank. Due to the recent and ongoing volatility in the global financial markets and the absence of any immediate need to raise funds for working capital, we believe it would be in the best interests of the Group and our shareholders to further observe the market performance and to launch the proposed issue of TDRs when the market momentum improves.

Amidst a challenging macro environment during the Period, the sharp decline of average selling prices along the industry supply chain has helped to substantially lower the cost of solar energy on per watt basis. We believe the demand for solar product is highly price-elastic. The continuous decrease of selling prices of solar products would sustain the strong prospects of the cost leaders and would strengthen the barrier to entry to the industry. Continuous upgrading of production techniques and enhancement of operational effectiveness in the industry has accelerated the progress towards grid-parity and created opportunities for us. Demand in major solar markets is shifting from the groundmounted segment toward roof-tops. Major solar cell manufacturers continue to tune their business strategies and align their resources to cells with high efficiencies, which resulted in stronger demand for advanced monocrystalline wafers.

Our origin as a manufacturer of semiconductor ingots and wafers since 1999 has provided us with a strong technical background which we have been able to utilize to attain high quality standards in the production of monocrystalline solar wafers. It has enabled us to keep improving the cost effectiveness of our production. Looking ahead, we will remain focused on continuous improvement in the conversion efficiency of our solar wafer products and rigorous reduction on products costs, where we have demonstrated solid track records and established competitive advantages.

Currently, countries including Germany, Italy and Japan are the major end-markets for solar energy products. These countries are promoting solar power generation by implementing proactive policies, such as government grants, leading to the fast development of the PV manufacturing industry. The PRC and the United States, being the largest energy consuming countries in the world, together with Greece, France, Australia and the Middle East are promising solar energy markets with substantial potential in the future. We believe that the continuous cost reduction would speed up the development of the emerging markets, especially the PRC market, and would fuel the robust growth of demand for solar products.

We are confident that we have the reputation, the suppliers and customers relationships and the capability to adapt to the new economics and competitive landscape of the solar industry. With the support of our strategic investors, board of directors and management team, we are also confident that our business will continue to grow and to develop steadily and healthily.

FINANCIAL REVIEW

REVENUE

Revenue increased by RMB145.6 million, or 33.9%, from RMB429.1 million for the corresponding period in 2010 to RMB574.7 million for the Period, primarily as a result of increase in our sales volume during the period. Due to the increase in customer demand for our high quality monocrystalline solar products, our shipment volume increased by 28.3% from 85.3 MW for the corresponding period in 2010 to 109.4 MW for the Period.

For the Period, sales of our 156 mm by 156 mm monocrystalline solar wafers represented 80.6% of total revenue and sales of our 125 mm by 125 mm monocrystalline solar wafers represented 19.3% of total revenue. In aggregate, solar wafer sales represented 99.9% of our total sales for the Period, as compared to 99.8% for the corresponding period in 2010.

Sales of 156 mm by 156 mm monocrystalline solar wafers

Revenue from sales of 156 mm by 156 mm monocrystalline solar wafers increased by RMB117.1 million, or 33.8%, from RMB346.1 million for the corresponding period in 2010 to RMB463.2 million for the Period, primarily as a result of an increase of sales volume by 40.7% from 61.4 MW for the corresponding period in 2010 to 86.4 MW for the Period, partially offset by a decrease of unit price for this product by 3.6% from RMB5.6 per watt for the corresponding period in 2010 to RMB5.4 per watt for the Period.

Sales of 125 mm by 125 mm monocrystalline solar wafers

Revenue from sales of 125 mm by 125 mm monocrystalline solar wafers increased by RMB29.0 million, or 35.5%, from RMB81.8 million for the corresponding period in 2010 to RMB110.8 million for the Period, primarily due to an increase of sales volume by 49.4% from 15.4 MW for the corresponding period in 2010 to 23.0 MW for the Period, partially offset by a decrease of unit price for this product by 9.4% from RMB5.3 per watt for the corresponding period in 2010 to RMB4.8 per watt for the Period.

In terms of geographical markets of our sales, approximately 92.9% of our total revenue for the Period was generated from our PRC and Taiwan-based customers (2010: 99.0%). The remaining portion of our revenue for the Period was mainly generated from our sales to the Philippines.

COST OF SALES

Cost of sales increased by RMB108.3 million, or 32.7%, from RMB331.0 million for the corresponding period in 2010 to RMB439.3 million for the Period, primarily as a result of the increase in shipment volume and increase in the average price of polysilicon by 18.8% to RMB404.6 per kg during the Period from RMB340.7 per kg for the corresponding period in 2010, which was partially offset by the improvement in our production efficiency.

GROSS PROFIT

Gross profit increased by RMB37.4 million, or 38.2%, from RMB98.0 million for the corresponding period in 2010 to RMB135.4 million for the Period, primarily as a result of the foregoing.

OTHER INCOME

Other income increased by RMB7.6 million, or 96.2%, from RMB7.9 million for the corresponding period in 2010 to RMB15.5 million for the Period, primarily due to the government subsidies received during the Period.

OTHER GAINS AND LOSSES

Other gains increased by RMB19.2 million from the losses of RMB5.1 million for the corresponding period to the gains of RMB14.1 million for the Period, primarily due to the net foreign exchange gain arose from appreciation of RMB, which the Group settled transaction with against United States dollars or European dollars which the certain payables and borrowings are denominated and the gain on disposal of property, plant and equipment during the Period.

DISTRIBUTION AND SELLING EXPENSES

There was no material fluctuation in distribution and selling expenses for the Period as compared to the corresponding period in 2010 due to the cost control in marketing expenses.

ADMINISTRATIVE AND GENERAL EXPENSES

Administrative and general expenses increased by RMB3.4 million, or 22.1%, from RMB15.4 million for the corresponding period in 2010 to RMB18.8 million for the Period, mainly due to the growth in the scale of our operations.

FINANCE COSTS

Interest expenses in relation to bank loans increased by RMB4.2 million from RMB3.8 million for the corresponding period in 2010 to RMB8.0 million for the Period, primarily as a result of an increase in the amount of bank loans borrowed.

PROFIT BEFORE TAXATION

Profit before taxation increased by RMB56.7 million, or 70.2%, from RMB80.8 million for the corresponding period in 2010 to RMB137.5 million for the Period, as a result of the foregoing.

TAXATION

Taxation increased from RMB12.2 million for the corresponding period in 2010 to RMB35.9 million for the Period, primarily as a result of the increase in our profit before taxation and the increase in tax rate. Our effective tax rate was 26.1% for the Period, increased from 15.1% for the corresponding period in 2010 due to expiry of tax holidays and concessions of group entities in the Period. We are in the process to renew our high and new technology enterprise qualification and we would be subject to the corporate income tax rate of 25% until we successfully complete the renewal process. The corporate income tax rate for high and new technology enterprises is 15% and the excess amount of tax for the period paid before completing the renewal of the high and new technology qualification would be refunded to us if our renewal of such qualification is successful.

PROFIT FOR THE PERIOD

Net profit increased by RMB33.0 million, or 48.1%, from RMB68.6 million for the corresponding period in 2010 to RMB101.6 million for the Period, as a result of the foregoing. Net profit margin increased from 16.0% for the corresponding period in 2010 to 17.7% for the Period.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the Period (six months ended 30 June 2010: nil).

INVENTORY TURNOVER DAYS

The inventories of the Group mainly comprised of raw materials (namely polysilicon, crucibles and other auxiliary materials) for production requirements. The increase in inventories was mainly due to the increase of raw materials and work-in-progress as a result of expansion in the production capacity of the Group. The inventory turnover days as at 30 June 2011 totaled 121 days (31 December 2010: 131 days).

TRADE RECEIVABLE TURNOVER DAYS

The trade receivable turnover days as at 30 June 2011 totaled 52 days (31 December 2010: 26 days). The increase in turnover days was mainly due to the increase of settlement from customers by bank bills and our receivable turnover days were within the credit periods of the Group grants to its customers. The Group normally grants a credit period of 30 to 90 days to its customers.

TRADE PAYABLE TURNOVER DAYS

The trade payable turnover days as at 30 June 2011 totaled 35 days (2010: 33 days).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal sources of working capital included cash flow from operating activities and bank borrowings. As at 30 June 2011, the Group's current ratio (current assets divided by current liabilities) was 2.7 (2010: 2.0) and it was in a net cash position. The Group's financial position remains healthy. As at 30 June 2011, the Group was in a net cash position of RMB20.5 million (31 December 2010: net cash of RMB123.7 million) which included cash and cash equivalent and pledged bank deposits of RMB809.0 million (31 December 2010: RMB293.7 million), short-term bank loans of RMB395.5 million (31 December 2010: RMB170.0 million) and long term debt raised from the issue of convertible bonds of RMB373.0 million (31 December 2010: nil) and long-term bank loans of RMB20.0 million (31 December 2010: nil).

On 17 June 2011, the Group issued a five-year convertible bond of approximately RMB650 million, together with a warrant to subscribe for US$50 million of new shares, to an independent third party. Details of the transaction were set out in the Company's announcements dated 19 April 2011, 8 May 2011, 29 May 2011, 30 May 2011 and 17 June 2011. Approximately HK$780.0 million was raised from the issue of convertible bond to fund the Group's capital expenditures. The Group plans to fund its capital expenditures by proceeds from the convertible bond, our cash flows from operations and/or bank loans.

We would implement balanced financing plan to support the expanding capacity and operation of our solar wafer business.

CONTINGENT LIABILITIES

At 30 June 2011, the Group has no material contingent liability.

RELATED PARTY TRANSACTIONS

The Group did not have any related party transactions for the Period.

CHARGES ON GROUP ASSETS

During the Period, the Group entered into several arrangements with one established commercial bank in the PRC pursuant to which the Group borrowed USD loans from this bank for contractual periods of three months to one year for settlement of its payables denominated in USD. At the same time, the Group (a) placed fixed deposits (in RMB amounts equivalent to the respective USD loans plus a fixed interest at a rate of 1.26% to 4.27% per annum thereon) for the same contractual periods to the same bank as security against the USD loans, and (b) entered into forward contracts with the bank to purchase USD (in amounts equivalent to the USD loan plus interests thereon) by RMB at predetermined forward rates.

As at 30 June 2011, fixed deposits denominated in Renminbi ("RMB") of approximately RMB97,737,000 and the USD loan of approximately USD15,147,000 (equivalent to RMB98,025,000) are included in pledged bank deposits and bank borrowings, respectively.

As at 30 June 2011, other than the restricted cash of approximately RMB97,737,000, the Group pledged its factorised bills receivable, buildings, construction in progress and prepaid lease payments having net book values of approximately RMB45,500,000, RMB145,965,000, RMB140,650,000 and RMB15,047,000 respectively (31 December 2010: buildings and construction in progress having net book values of approximately RMB97,164,000 and RMB15,209,000 respectively) to bank to secure banking facilities granted to the Group.

Save as disclosed above, as at 30 June 2011, no Group asset was under charge to any financial institution.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANY

The Group had no material acquisition or disposal of any subsidiaries and associated companies during the Period.

HUMAN RESOURCES

As at 30 June 2011, the Group had 1,135 employees (2010: 767). The remuneration of the existing employee includes basic salaries, discretionary bonuses and social security contributions. Pay levels of the employees are commensurate with their responsibilities, performance and contribution.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions contained in the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The Company has complied with such code provisions throughout the Period except for the deviation from code provision A.2.1 as disclosed below.

Under provision A.2.1 of the Corporate Governance Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The Group does not at present separate the roles of the chairman and chief executive officer. Mr. John Zhang is the chairman and chief executive officer of the Group. He has extensive experience in solar wafer industry and is responsible for the overall corporate strategies, planning and business management of the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same individual is beneficial to the business prospects and management of the Group. The balance of power and authorities is ensured by the operation of the Board and the senior management, which comprise experienced and high caliber individuals. The Board currently comprises three executive Directors, three non-executive Directors and three independent non-executive Directors and has a strong independence element in its composition.

Pursuant to Rule 13.51B (1) of the Listing Rules, the Company would like to inform the Shareholders that Mr. Stephen Peel and Mr. Donald Huang were appointed as non-executive Directors of the Company on 17 June 2011 and Mr. Donald Huang was appointed as a member of the audit committee, the remuneration committee and the nomination committee on 17 June 2011.

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.

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 and financial reporting matters of the Company, including the review of the interim results and the unaudited condensed consolidated interim financial statements for the Period.

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

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 is publicly available to the Company and within the 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 for the six months ended 30 June 2011.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (http://www.comtecsolar.com). The interim report for the Period containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

DEFINITIONS

"Board" or "Board of Directors"	the board of Directors
"Company"	Comtec Solar Systems Group Limited
"Corporate Governance Code"	Code on corporate governance practices contained in Appendix 14 to the Listing Rules
"Directors(s)"	the director(s) of the Company
"Global Offering"	the global offering of the Company
"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 PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Model Code"	Model code for securities transactions by directors of listed issuers contained in Appendix 10 to the Listing Rules
"MW"	megawatt, which equals 10^6 Watt
"Period"	the six months ended 30 June 2011
"photovoltaic" or "PV"	the field of technology and research related to the application of solar cells for energy by converting solar energy (sunlight, including ultra videt radiation) directly into electrically (solar electricity)

"PRC" or "China"	The People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	Ordinary share(s) of HK$0.001 each in the share capital of the Company
"Shareholder(s)"	Shareholder(s) of the Company
"USD"	United States dollars, the lawful currency of the United States of America
"*"	For identification only
"%"	per cent

By Order of the Board
Comtec Solar Systems Group Limited
John ZHANG
Chairman

Shanghai, the People's Republic of China, 17 August 2011

As at the date of this announcement, the executive Directors are Mr. John Zhang, Mr. Chau Kwok Keung, Mr. Shi Cheng Qi, the non-executive Directors are Mr. Phen Chun Shing Vincent, Mr. Stephen Peel and Mr. Donald Huang, and the independent non-executive Directors are Mr. Leung Ming Shu, Mr. Kang Sun and Mr. Daniel DeWitt Martin.