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 2015

RESULTS HIGHLIGHTS

- Revenue for the Period was approximately RMB556.0 million (corresponding period in 2014: RMB520.4 million);
- Gross profit for the Period was approximately RMB14.0 million (corresponding period in 2014: RMB43.5 million);
- Gross profit margin for the Period was approximately 2.5% (corresponding period in 2014: 8.3%);
- Net loss for the Period was approximately RMB204.0 million (corresponding period in 2014: net profit of RMB3.0 million);
- Net loss for the Period was mainly due to the impairment losses on advance to suppliers and prepaid assignment fees of approximately RMB123.0 million and the non-cash share-based payment expenses of approximately RMB38.6 million;
- Loss per Share for the Period was approximately RMB14.7 cent (corresponding period in 2014: earnings per Share of RMB0.2 cent);
- Wafer shipment for the Period was approximately 197.7 MW, representing an increase by approximately 4.0% from approximately 190.1 MW for the corresponding period in 2014;
- The Group achieved net cash inflow from operating activities of approximately RMB111.2 million for the Period (corresponding period in 2014: net cash inflow from operating activities of approximately RMB1.7 million); and
- The Group lowered it net debt to equity ratio to 13.8% as of 30 June 2015 from approximately 18.9% as of 31 December 2014.

Note: Compared to the six months ended 30 June 2014 (unless otherwise stated).

CHAIRMAN STATEMENT

On behalf of Comtec Solar Systems Group Limited, I hereby present the unaudited interim results of the Group for the six months ended 30 June 2015. During the Period, international trade conflicts between China and overseas countries continued. The international business environment for PRC-based solar manufacturing companies became more challenging. Our strategy to build production facilities in Malaysia enabled us to mitigate risks and costs in relation to such conflicts and any changes in trade policies. We are now one of the few PRC-based solar companies with sizable overseas production facilities. It strengthens our competitive advantages to attract new customers. Also, we expect the monocrystalline products would play an increasingly important role in the market.

Below are some financial and business highlights for the Period:

- Revenue for the Period was approximately RMB556.0 million (corresponding period in 2014: RMB520.4 million);

- Gross profit for the Period was approximately RMB14.0 million (corresponding period in 2014: RMB43.5 million);

- Gross profit margin for the Period was approximately 2.5% (corresponding period in 2014: 8.3%);

- Net loss for the Period was approximately RMB204.0 million (corresponding period in 2014: net profit of RMB3.0 million);

- Net loss for the Period was mainly due to the impairment losses on advance to suppliers and prepaid assignment fees of approximately RMB123.0 million and the non-cash share-based payment expenses of approximately RMB38.6 million;

- Loss per Share for the Period was approximately RMB14.7 cent (corresponding period in 2014: earnings per Share of RMB0.2 cent);

- Wafer shipment for the Period was approximately 197.7 MW, representing an increase by approximately 4.0% from approximately 190.1 MW for the corresponding period in 2014;

- The Group achieved net cash inflow from operating activities of approximately RMB111.2 million for the Period (corresponding period in 2014: net cash inflow from operating activities of approximately RMB1.7 million); and

- The Group lowered it net debt to equity ratio to 13.8% as of 30 June 2015 from approximately 18.9% as of 31 December 2014.

Before we fully ramp up our new facilities in Malaysia, we continued to increase our wafer shipment of approximately 4.0% from 190.1 MW for the corresponding period in 2014 to 197.7 MW for the Period. We continued to focus on the sale and supply of our premium "Super Mono Wafers", the market of which has only a limited number of suppliers recognized and qualified by the major international customers. Based on the feedback from our major customers, the high efficient solar cell with our "Super Mono Wafers" has reported to have over 25% conversion efficiency. We expect the product specifications and cost competitiveness of "Super Mono Wafers" would continue to improve in the coming few years. Our customers increasingly realized the benefits of utilizing highly efficient solar wafers to improve their costs competitiveness and to achieve reliable product performance. Monocrystalline products are playing increasingly important role in the market. It strengthens the demand and provides further business opportunities to our premium products.

During the Period, we completed qualification process with a new Japan-based customer for the sale of our high quality "Super Mono" products and pilot shipments commenced during the second quarter of 2015. We expect the shipment to such new customer would further increase in the second half of 2015. Also, our massive shipment to Mission Solar Energy LLC ("Mission Solar") pursuant to the long term sales agreement signed in December 2013 continued during the Period. Credit to our proven abilities to manufacture more advanced and efficient products and our successful track record to complete qualification process with global leading solar cell manufacturers, we established strong reputations and marketing channels to attract increasing number of customers and demands for our products of premium quality and reliability. We are in the process of obtaining qualification with two sizable and reputable customers that are both headquartered in the United States as well as certain potential customers located in Japan, Korea and Taiwan. We believe our ability to meet the stringent and complicated requirements stipulated under the qualification process differentiates us from our competitors in the market and strengthens the entry barrier to the market.

Our top five customers in the Period contributed approximately 62.8% to our total revenue, compared to approximately 77.4% in the corresponding period last year. The sales to the largest customer in Philippines with the high quality "Super Mono Wafers" accounted for approximately 38.9% of our total revenues in the Period, as compared to approximately 50.8% in the corresponding period in 2014. We continued to diversify and expand our customer bases.

During the Period, we continued to execute our cost reduction strategy. We achieved a combination of cost reductions through continuous improvements in supply chain management, technology development, manufacturing process and conversion efficiency of our wafers. We expect to see further cost reductions in the coming quarters. The accumulated experiences from massive production of "Super Mono Wafers" as well as our strategic research and development cooperation with existing customers continued to drive down our production costs by technology advancements. After our facilities in Malaysia are fully ramped up and running, we expect our production cost would be further reduced. We would leverage our advantages in wafer technology to reduce cost without compromising quality and to generate value for our customers.

Given the current industry environment, it is clear that strict financial discipline is essential to success. We believe diligence in financial matters will differentiate the winners from the rest. Thus, we continued to implement a balanced financing plan to support the operation of our solar wafer business. During the Period, we achieved net cash inflow from operating activities of approximately RMB111.2 million and the net debt to equity ratio was 13.8 % as of 30 June 2015, as reduced from 18.9% as of 31 December 2014. Our solid financial positions enable us to pursue growth opportunities. We believe we are well positioned to maximize our benefits from the industry consolidation process.

Considering the continuous growth of demand, potential advantages to reduce production costs and to mitigate risk from trade conflicts between China and overseas governments, the Group plans to further expand production capacity in Malaysia. It would enable us to further lower the production costs and to increase the scale of operation. We expect the demand on "Super Mono Wafers" would continue to increase strongly in coming few years. We are in the process of evaluating various opportunities for purchasing low-cost equipments for our expansion which can maximize our advantages from the industry consolidation process.

Demand in the global solar markets continues to trend upwards and is led by countries such as China, the United States, Japan and India. The installation of PV systems is becoming increasingly affordable and the costs of solar power are now below user-paid rates for increasing number of markets and user categories. We believe that lower PV system costs will drive the adoption of solar power and long-term market growth. Looking ahead, we are expecting a strong year in the global solar market. China is poised to generate even greater demand as the Chinese government made renewable energy as its top priority for the country and is committed to achieving its 2015 grid connection target. Besides, we expect Japan, the United States and India as well as countries in the South America, the Asia Pacific region and the Middle East to be key drivers of this increasing demand. We are also excited to see the increasing commitments on distributed/rooftop projects from various markets which would be more demanding in terms of product quality and reliability. With the expected rapid growth of the distributed generation market, we are confident that the Group will benefit from this trend of increasing demand for high-efficiency products.

With our leading technology, strong brand name and our products of premium quality and reliability, we will further solidify our market leading position. We are well positioned to capture enormous opportunities in solar industry and to drive continued and healthy growth for the Group in future.

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.

John Zhang
Chairman

Shanghai, the People's Republic of China, 31 August 2015

INTERIM RESULTS

The Board is pleased to announce the unaudited interim results and condensed consolidated interim financial statements of the Group for the Period, together with the comparative figures for the corresponding period in 2014. These results have been reviewed by the Company's auditors and by the Company's audit committee, comprising all of the independent non-executive Directors and a non-executive Director, with one of the independent non-executive Directors chairing the committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2015	2014
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue		**566,031**	520,449
Cost of sales		**(552,014)**	(476,999)
Gross profit		**14,017**	43,450
Other income		**2,972**	2,914
Other gains and losses	*5*	**(132,714)**	9,534
Distribution and selling expenses		**(8,394)**	(6,544)
Administrative expenses		**(72,879)**	(36,441)
Finance costs		**(7,455)**	(9,798)
(Loss) profit before taxation	*6*	**(204,453)**	3,115
Taxation	*7*	**408**	(125)
(Loss) profit and total comprehensive (expense) income for the period, attributable to owners of the Company		**(204,045)**	2,990
		RMB cents	*RMB cents*
(Loss) earnings per share — Basic and diluted	*9*	**(14.66)**	0.22

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS

	NOTES	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**1,067,183**	1,071,163
Prepaid lease payments-non-current		**26,677**	27,175
Prepaid assignment fee-non-current		**106,035**	145,225
Deposits paid for acquisition of property, plant and equipment		**35,902**	37,004
Advance to suppliers		**77,743**	71,449
Deferred tax assets		**638**	638
		1,314,178	1,352,654
Current assets			
Inventories		**458,927**	537,815
Trade and other receivables	*10*	**211,995**	231,565
Bills receivable	*10*	**51,119**	15,964
Advance to suppliers		**17,098**	48,926
Prepaid lease payments-current		**600**	600
Prepaid assignment fee-current		**81,740**	52,067
Tax recoverable		**131**	–
Pledged bank deposits		**171,124**	171,188
Bank balances and cash		**117,863**	52,123
		1,110,597	1,110,248
Assets classified as held for sale		**20,707**	21,776
		1,131,304	1,132,024
Current liabilities			
Trade and other payables	*11*	**334,987**	207,281
Customers' deposits received-current		**98,819**	57,285
Short-term bank loans		**526,875**	524,113
Tax liabilities		**–**	275
Deferred revenue		**287**	287
		960,968	789,241
Liabilities associated with assets classified as held for sale		**11**	11
		960,979	789,252
Net current assets		**170,325**	342,772
Total assets less current liabilities		**1,484,503**	1,695,426

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Capital and reserves		
Share capital	**1,205**	1,205
Reserves	**1,347,868**	1,513,310
Total equity	**1,349,073**	1,514,515
Non-current liabilities		
Deferred tax liabilities	**9,568**	9,568
Customers' deposits received-non-current	**106,035**	145,225
Long-term bank loans	**–**	3,072
Provision for onerous contracts	**–**	7,576
Warrants	**15,100**	10,600
Deferred revenue	**4,727**	4,870
	135,430	180,911
	1,484,503	1,695,426

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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 Zhang ("Mr. Zhang").

The Company is an investment holding company. The principal activities of the Company's subsidiaries are the manufacture and sales of solar wafers and related products and provision of processing services for solar 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 of Hong Kong Limited and with International Accounting Standard 34 "Interim Financial Reporting".

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, certain standards of and amendments to International Financial Reporting Standards ("IFRSs") that are mandatorily effective for the current interim period.

The application of the new standards of and amendments to 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 the following new or revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[1]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to IAS 1	Disclosure Initiative[3]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle[3]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[3]
Amendments to IAS 27	Equity Method in Separate Financial Statements[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[3]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2016

The directors of the Company do not anticipate that the application of the above new or revised IFRSs will have any significant impact on the Group's financial results and financial position.

4. SEGMENT INFORMATION

The Group is currently engaged in manufacturing and sales of solar wafers and related products and provision of processing services for solar products. Mr. Zhang, the chief operating decision maker of the Group, regularly reviews revenue analysis by major products and results of the Group as a whole for the purposes of performance assessment and making decisions about resource allocation. Accordingly, the Group has only one operating segment for financial reporting purpose. The Group's segment loss (profit) is the loss (profit) before taxation of the Group.

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange losses	**(5,214)**	(3,220)
(Loss) gain on fair value changes of 2012 Warrants	**(4,500)**	14,700
Impairment losses recognised in respect of advance to suppliers	**(121,200)**	–
Impairment losses recognised in respect of prepaid assignment fee	**(1,800)**	–
Loss on disposal of property, plant and equipment	**–**	(304)
Gain on fair value changes of forward contracts	**–**	500
Provision for lawsuit case	**–**	(2,142)
	(132,714)	9,534

6. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss before taxation has been arrived at after charging:		
Cost of inventories recognised as expense	**552,014**	476,999
Depreciation of property, plant and equipment	**37,910**	40,968
Release of prepaid lease payments	**498**	427
Research and development expenses (included in administrative expenses)	**3,737**	3,716
Operating lease rentals in respect of rented premises	**810**	588

7. TAXATION

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
People's Republic of China (the "PRC") Enterprise Income Tax		
— Current period	**408**	(41)
Deferred taxation	**–**	(84)
	408	(125)

Taxation arising in the PRC is recognised based on management's best estimate of the 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 2015 and 30 June 2014. There is no provision for Hong Kong Profits Tax since the group entities incorporated in Hong Kong incurred tax losses for both periods. Withholding tax has been provided for based on the anticipated dividends to be distributed by PRC entities to non-PRC residents, if any.

8. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2015 and 2014.

9. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss) profit		
(Loss) profit for the period attributable to owners of the Company for the purpose of basic (loss) earnings per share	**(204,045)**	2,990
Number of shares		
Weighted average number of ordinary shares for the purpose of (loss) basic earnings per share	**1,391,834,709**	1,344,017,350
Effect of dilutive potential ordinary shares:		
Share options	**–**	10,700,091
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**1,391,834,709**	1,354,717,441

The Company's outstanding 2012 Warrants did not have a dilutive effect on the Company's (loss) earnings per share for the six months ended 30 June 2015 and 30 June 2014 since their potential conversion to ordinary shares would incur or decrease loss per share.

Certain outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have a dilutive effect on the Company's (loss) earnings per share for the six months ended 30 June 2015 and 30 June 2014 as their exercise prices were higher than the average market prices of the Company or they will decrease the loss per share of the Company.

10. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLE

	30 June 2015 *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000* (Audited)
Trade receivables	**135,060**	141,297
Utility deposits	**3,356**	3,320
Value-added-tax recoverable	**53,837**	53,259
Other receivables and prepayments	**19,742**	33,689
	211,995	231,565
Bills receivable	**51,119**	15,964

The Group requests 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 aging analysis of trade receivables net of allowance for doubtful debts, presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	30 June 2015 *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000* (Audited)
Age		
0 to 30 days	**74,094**	55,748
31 to 60 days	**24,659**	55,604
61 to 90 days	**12,604**	26,015
91 to 180 days	**19,181**	2,827
Over 180 days	**4,522**	1,103
	135,060	141,297

The following is an aging analysis of bills receivable presented based on invoice date at the end of the reporting period:

	30 June 2015 *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000* (Audited)
Age		
0 to 30 days	**33,720**	10,604
31 to 60 days	**10,400**	2,710
61 to 90 days	**6,629**	2,500
91 to 180 days	**370**	150
	51,119	15,964

11. TRADE AND OTHER PAYABLES

	30 June 2015 *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000* (Audited)
Trade payables	**255,390**	124,591
Payables for acquisition of property, plant and equipment	**52,396**	60,222
Other payables and accrued charges	**27,201**	22,468
	334,987	207,281

The following is an aging analysis of trade payables presented based on the invoice date at the end of each reporting period.

	30 June 2015 *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000* (Audited)
Age		
0 to 30 days	**103,465**	51,987
31 to 60 days	**41,928**	19,275
61 to 90 days	**22,638**	3,820
91 to 180 days	**43,027**	4,422
Over 180 days	**44,332**	45,087
	255,390	124,591

The average credit period on purchases of goods is 30 days to 90 days and certain suppliers grant a longer credit period on a case-by-case basis.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Period, international trade conflicts between China and overseas countries continued. The international business environment for PRC-based solar manufacturing companies became more challenging. Our strategy to build production facilities in Malaysia enabled us to mitigate risks and costs in relation to such conflicts and any changes in trade policies. We are now one of the few PRC-based solar companies with sizable overseas production facilities. It strengthens our competitive advantages to yield new customers. Also, we expect the monocrystalline products would play increasingly important role in market.

Before we fully ramp up our new facilities in Malaysia, we continued to increase our wafer shipment of approximately 4.0% from approximately 190.1 MW for the corresponding period in 2014 to approximately 197.7 MW for the Period. We continued to focus on our premium "Super Mono Wafers" which only have limited suppliers qualified by the major international customers in the market. Based on the feedback from our major customers, the high efficient solar cell with our "Super Mono Wafers" has reported to have over 25% conversion efficiency. We expect the product specifications and cost competitiveness of "Super Mono Wafers" would continue to improve in the coming few years. Our customers increasingly realize the benefits of buying high efficient solar wafers to improve their costs competitiveness and to achieve reliable product performance. Monocrystalline products are playing increasingly important role in the market. It strengthens the demand and provides further business opportunities to our premium products.

During the Period, we completed qualification process with a new Japan-based customer for the sale of our high quality "Super Mono" products and pilot shipments commenced during the second quarter of 2015. We expect the shipment to such new customer would further increase in second half of 2015. Also, our massive shipment to Mission Solar pursuant to the long term sales agreement signed in December 2013 continued during the Period. Credit to our proven abilities to manufacture more advanced and efficient products and our successful track record to complete qualification process with global leading solar cell manufacturers, we established strong reputations and marketing channels to attract increasing number of customers and demands for our products of premium and quality and reliability. We are in the process of obtaining qualification with two sizable and reputable customers that are both headquartered in the United States as well as certain potential customers located in Japan, Korea and Taiwan. We believe our ability to meet the stringent and complicated requirements stipulated under the qualification process differentiates us from our competitors in the market and strengthens the entry barrier to the market.

Our top five customers in the Period contributed approximately 62.8% to our total revenue, compared to approximately 77.4% in the corresponding period last year. The sales to the largest customer in Philippines with the high quality "Super Mono Wafers" accounted for approximately 38.9% of our total revenues in the Period, as compared to approximately 50.8% in the corresponding period in 2014. We continued to diversify and expand our customer bases.

During the Period, we continued to execute our cost reduction strategy. We achieved a combination of cost reductions through continuous improvements in supply chain management, technology development, manufacturing process and conversion efficiency of our wafers. We expect to see further cost reductions in the coming quarters. The accumulated experiences from massive production of "Super Mono Wafers" as well as our strategic research and development cooperation with existing customers continued to drive down our production costs by technology advancements. After our facilities in Malaysia are fully ramped up and running, we expect our production cost would be further reduced. We would leverage our advantages in wafer technology to reduce cost without compromising quality and to generate value for our customers.

Given the current industry environment, it is clear that strict financial discipline is essential to success. We believe diligence in financial matters will differentiate the winners from the rest. Thus, we continued to implement a balanced financing plan to support the operation of our solar wafer business. During the Period, we achieved net cash inflow from operating activities of approximately RMB111.2 million and the net debt to equity ratio was 13.8 % as of 30 June 2015, as reduced from 18.9% as of 31 December 2014. Our solid financial positions enable us to pursue growth opportunities. We believe we are well positioned to maximize our benefits from the industry consolidation process.

Considering the continuous growth of demand, potential advantages to reduce production costs and to mitigate risk from trade conflicts between China and overseas governments, the Group plans to further expand production capacity in Malaysia. It would enable us to further lower the production costs and to increase the scale of operation. We expect the demand on "Super Mono Wafers" would continue to increase strongly in coming few years. We are in the process of evaluating various opportunities for purchasing low-cost equipments for our expansion which can maximize our advantages from the industry consolidation process.

Demand in the global solar markets continues to trend upwards and is led by countries such as China, the United States, Japan and India. The installation of PV systems is becoming increasingly affordable and the costs of solar power are now below user-paid rates for increasing number of markets and user categories. We believe that lower PV system costs will drive the adoption of solar power and long-term market growth. Looking ahead, we are expecting a strong year in the global solar market. China is poised to generate even greater demand as the Chinese government made renewable energy as its top priority and is committed to achieving its 2015 grid connection target. Besides, we expect Japan, the United States and India as well as countries in the South America, the Asia Pacific region and the Middle East to be key drivers of this increasing demand. We are also excited to see the increasing commitments on distributed/rooftop projects from various markets which would be more demanding in terms of product quality and reliability. With the expected rapid growth of the distributed generation market, we are confident that the Group will benefit from this trend of increasing demand for high-efficiency products.

With our leading technology, strong brand name and our products of premium quality and reliability, we will further solidify our market leading position. We are well positioned to capture enormous opportunities in solar industry and to drive continued and healthy growth for the Group in future.

FINANCIAL REVIEW

Revenue

Revenue increased by RMB45.6 million, or 8.8%, from RMB520.4 million for the corresponding period in 2014 to RMB566.0 million for the Period, primarily as a result of the increase in our sales volume which was partially offset by a decrease in the average selling price. Due to the increase in customer demand for our high quality monocrystalline solar wafers, our wafers shipment volume increased by 4.0% from 190.1 MW for the corresponding period in 2014 to 197.7 MW 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 decreased by RMB71.5 million, or 23.6%, from RMB302.8 million for the corresponding period in 2014 to RMB231.3 million for the Period, primarily due to the decrease in our sales volume by 11.6% from 165.9 MW for the corresponding period in 2014 to 146.7 MW for the Period, as well as by the decrease in average selling price of approximately 11.1% from RMB1.8 per watt in the corresponding period in 2014 to RMB1.6 per watt for the Period. During the Period, we increased the shipment of 156 mm by 156 mm monocrystalline solar wafers pursuant to the signed agreement with Mission Solar and thus reduced the production capacity available to produce 125 mm by 125 mm monocrystalline solar wafers.

Sales of 156 mm by 156 mm monocrystalline solar wafers

Revenue from sales of 156 mm by 156 mm monocrystalline solar wafers increased by RMB69.5 million, or 731.6%, from RMB9.5 million for the corresponding period in 2014 to RMB79.0 million for the Period, primarily as a result of an increase of sales volume by 688.7% from 6.2 MW for the corresponding period in 2014 to 48.9 MW for the Period as well as by the increase in average selling price of approximately 6.7% from RMB1.5 per watt in the corresponding period in 2014 to RMB1.6 per watt for the Period.

Processing services of 125 mm by 125 mm monocrystalline solar wafers

Revenue from processing fees on 125 mm by 125 mm monocrystalline solar wafers was RMB0.5 million, decreased by RMB4.3 million or approximately 89.6% from RMB4.8 million for the corresponding period in 2014, primarily due to the decision of the Company to decrease in scale for the processing services.

Others

Other revenue was mainly generated from sales of excess inventory of polysilicon which increased by RMB51.9 million or 25.5%, from RMB203.3 million for the corresponding period in 2014 to RMB255.2 million for the Period. It was mainly attributable to the increase in sales volume of polysilicon for the Period.

Revenue by geographical market

In relation to the geographical analysis of our revenue, approximately 38.9% (2014: 50.8%) of total revenue for the Period was generated from our sales to Philippines. The remaining portion was mainly generated from our sales to PRC, the United States., Korea and Japan-based customers.

Cost of sales

Cost of sales increased by RMB75.0 million, or 15.7%, from RMB477.0 million for the corresponding period in 2014 to RMB552.0 million for the Period, primarily as a result of the increase sales volumes of both wafers and polysilicons. In addition, impairment of inventory of approximately RMB3.5 million was made during the Period.

Gross profit

Gross profit decreased by RMB29.5 million, or 67.8%, from RMB43.5 million for the corresponding period in 2014 to RMB14.0 million for the Period, primarily due to the aforementioned factors.

Other income

Other income during the Period was approximately RMB3.0 million which was similar to the amount incurred in corresponding period in 2014 and mainly represented bank interest income.

Other gains and losses

Other losses were approximately RMB132.7 million during the Period, turnarounded from other gains of RMB9.5 millions for the corresponding period in 2014. It was mainly due to the impairment losses on advance to suppliers and the loss from fair value changes of the outstanding warrants recorded during the period.

Distribution and selling expenses

Distribution and selling expenses increased by RMB1.9 million, or 29.2%, from RMB6.5 million for the corresponding period in 2014 to RMB8.4 million during the Period, primarily due to the increase in sales volume and export sales during the Period.

Administrative and general expenses

Administrative and general expenses increased by RMB36.5 million, or 100.3%, from RMB36.4 million for the corresponding period in 2014 to RMB72.9 million for the Period, which was mainly due to the stock compensation expenses of approximately RMB38.6 million incurred for the share options newly grant during the Period.

Interest expenses

Interest expenses decreased by RMB2.3 million from RMB9.8 million for the corresponding period in 2014 to RMB7.5 million for the Period.

Profit (Loss) before taxation

Loss before taxation was approximately RMB204.5 million for the Period, turnarounded from the profit before taxation of RMB3.1 million for the corresponding period in 2014, due to the aforementioned factors.

Taxation

The Group did not incur significant tax expenses in the Period and corresponding period in 2014 since no material assessable profits were derived or tax losses were incurred from the Group entities.

Profit (Loss) for the Period

The Group recorded losses of RMB204.0 million during the Period, turnarounded from the profits of RMB3.0 million for the corresponding period in 2014, due to the aforementioned factors. Accordingly, the Group recorded a net loss margin of 36.0% for the Period, turnarounded from the net profit margin of 0.6% for the corresponding period in 2014.

Interim dividend

The Board resolved not to declare an interim dividend for the Period (six months ended 30 June 2014: nil).

Inventory turnover days

There was a decrease in inventory balance of 14.7% from RMB537.8 million as at 31 December 2014 to RMB458.9 million as at 30 June 2015, which was mainly due to our efforts to reduce inventory balances. The inventory turnover days as at 30 June 2015 totaled 150 days (31 December 2014: 232 days).

Trade receivable turnover days

The trade receivable turnover days as at 30 June 2015 totaled 43 days (31 December 2014: 57 days). For the Period, the Group continued to focus on "Super Mono Wafers" which were mainly sold to overseas customers. The credit period to overseas customers is approximately 60 days. The Group normally grants a credit period of 30 to 90 days to other customers. The average receivable turnover days were approximately 43 days which was within the credit periods of the Group grants to its customers.

Trade payable turnover days

The trade payable turnover days as at 30 June 2015 totaled 84 days (31 December 2014: 54 days). The increase in turnover days was mainly due to the market environments and payment terms of our purchase in the Period.

Liquidity and financial resources

The Group's principal sources of working capital included cash flow from operating activities, bank borrowings and the proceeds from share placing. As at 30 June 2015, the Group's current ratio (current assets divided by current liabilities) was 1.2 (31 December 2014: 1.4) and it was in a net debt position of approximately RMB186.8 million (31 December 2014: approximately RMB286.8 million). The Group controlled net debt to equity ratio as 13.8% as of 30 June 2015. The Group's financial position remained healthy during the Period.

Capital commitments

As at 30 June 2015, the capital commitments of the Group remained stable at approximately RMB205.0 million (31 December 2014: RMB216.9 million).

Contingent liabilities

As at 30 June 2015, there was no material contingent liability (31 December 2014: nil).

Related party transactions

Other than remuneration that the Group paid to the Directors and key management, the Group did not have any related party transactions for the Period.

Charges on group assets

As at 30 June 2015, other than the restricted cash of approximately RMB171.1 million (31 December 2014: RMB171.2 million), the Group pledged its buildings and prepaid lease payments having net book values of approximately RMB156.7 million (31 December 2014: RMB82.8 million) and approximately RMB19.9 million (31 December 2014: RMB13.9 million), respectively, to banks to secure banking facilities granted to the Group. Save as disclosed above, as at 30 June 2015, no other assets of the Group were under charge to any financial institutions.

Acquisition of subsidiary

No subsidiary of the Company was acquired during the Period.

Disposal of subsidiary

Reference is made to the announcement of the Company dated 26 January 2015 in relation to the disposal of Comtec New Energy China Holdings Limited and Comtec New Energy (Shanghai) Limited* (卡姆丹克新能源科技 (上海) 有限公司), it is expected that the disposal will be completed during the third quarter of 2015.

Save as disclosed above, no subsidiary of the Company was disposed during the period ended 30 June 2015.

Use of proceeds

The Company has not conducted any equity fund raising activities in the past 12 months from the date of this announcement.

Human resources

As at 30 June 2015, the Group had 1,087 (31 December 2014: 1,067) employees. 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.

Details of the future investment plans for material investment

The Group is planning to further expand production capacity in Malaysia which would enable the Group to further lower production costs and to increase the scale of operation. We are still in the process of evaluating various opportunities for purchasing low costs equipments for our expansion in Malaysia. Due to the rapid changing market environment, the Group may adjust the expansion plan according to the market environment. It would enable the Group to maintain flexibilities throughout the expansion process. We believe this strategy would enable the Group to maximize its advantages from the industry consolidation process.

Exposure to fluctuations in exchange rates and any related hedges

The Group recognised net exchange losses of approximately RMB5.2 million, which mainly arose from monetary assets and liabilities of the group entities denominated in foreign currencies. Although the Group entered into foreign currency forward contracts, the Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance in the interests of Shareholders. Except for the deviation from code provision A.2.1 as disclosed below, during the Period, the Company had complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

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, one non-executive Directors and three independent non-executive Directors and has a strong independence element in its composition.

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 announcement 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 unaudited interim results and the unaudited condensed consolidated interim financial statements of the Group for the Period.

INTERIM DIVIDEND

The Board resolved that since the Company plans to reserve the 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 2015. 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

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 announcement, 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.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the 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 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
"Fonty"	Fonty Holdings Limited, a company incorporated under the laws of the BVI with limited liability on 5 September 2007, the entire issued share capital of which is directly owned by Mr. John Zhang
"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
"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
"MW"	megawatt, which equals 106 Watt
"Period"	the six months ended 30 June 2015
"PRC" or "China"	The People's Republic of China
"PV"	Photovoltaic
"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
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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, 31 August 2015

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