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 2016

RESULTS HIGHLIGHTS

- Revenue for the Period was approximately RMB491.1 million, representing a decrease of 13.2% from approximately RMB566.0 million for the corresponding period in 2015;
- Gross profit for the Period was approximately RMB31.1 million, representing an increase of 122.1% from approximately RMB14.0 million for the corresponding period in 2015;
- Gross profit margin for the Period was approximately 6.3%, increasing from the gross profit margin of 2.5% for the corresponding period in 2015;
- Net loss for the Period was approximately RMB6.4 million, decreasing from the net loss of RMB204.0 million for the corresponding period in 2015;
- Net loss margin for the Period was approximately 1.3%, compared to the net loss margin of 36.0% for the corresponding period in 2015;
- Loss per Share for the Period was approximately RMB0.5 cent, decreasing from the loss per Share of RMB14.7 cent for the corresponding period in 2015;
- Total shipment of ingots and wafers for the Period was approximately 166.2 MW, representing a decrease of approximately 15.9% from approximately 197.7 MW for the corresponding period in 2015;
- The Group achieved net cash inflow from operating activities of approximately RMB63.3 million during the Period and maintained cash and restricted cash balances of approximately RMB178.5 million; and
- The Group lowered its net debt to equity ratio to 21.3% as of 30 June 2016 from approximately 24.8% as of 31 December 2015.

Note: Compared to the six months ended 30 June 2015.

CHAIRMAN STATEMENT

On behalf of Comtec Solar Systems Group Limited, I am pleased to present the unaudited interim results of the Group for the six months ended 30 June 2016. Here are some financial and business highlights for the Period:

- Revenue for the Period was approximately RMB491.1 million, representing a decrease of 13.2% from approximately RMB566.0 million for the corresponding period in 2015;

- Gross profit for the Period was approximately RMB31.1 million, representing an increase of 122.1% from approximately RMB14.0 million for the corresponding period in 2015;

- Gross profit margin for the Period was approximately 6.3%, increasing from the gross profit margin of 2.5% for the corresponding period in 2015;

- Net loss for the Period was approximately RMB6.4 million, decreasing from the net loss of RMB204.0 million for the corresponding period in 2015;

- Net loss margin for the Period was approximately 1.3%, compared to the net loss margin of 36.0% for the corresponding period in 2015;

- Loss per Share for the Period was approximately RMB0.5 cent, decreasing from the loss per Share of RMB14.7 cent for the corresponding period in 2015;

- Total shipment of ingots and wafers for the Period was approximately 166.2 MW, representing a decrease of approximately 15.9% from approximately 197.7 MW for the corresponding period in 2015;

- The Group achieved net cash inflow from operating activities of approximately RMB63.3 million during the Period and maintained cash and restricted cash balances of approximately RMB178.5 million; and

- The Group lowered its net debt to equity ratio to 21.3% as of 30 June 2016 from approximately 24.8% as of 31 December 2015.

On 7 July 2016, the Company entered into a sales and purchase agreement with 2 independent vendors (the "Vendors"), pursuant to which the Company agreed to acquire the entire issued share capital of Joy Boy HK Limited (together with its subsidiaries, the "Target Group") at a total maximum consideration of RMB130 million from the Vendors. The maximum consideration has been arrived at on an arm's length basis under normal commercial terms pursuant to the negotiations between the parties after taking into account, among others, the mid-point of the range of fair market value of the Target Group, which amounted to RMB133 million, as disclosed in the valuation report prepare by an independent professional party, the targeted profit before tax of RMB80 million for the 36 months ending 30 June 2019, and the implied multiple of 4.875x based on the maximum consideration over annualized target consolidated profit before taxation. The consideration is to be satisfied by the Company by allotting and issuing new Shares at an issue price of HK$0.46 per consideration share to the Vendors under the specific mandate which was sought from the Shareholders on 24 August 2016 (unless the Company opted to pay in cash with the consent of the Vendors).

The issue price of HK$0.46 per consideration share was approximately 9.8% discount to the closing price of the Shares on the date of the sale and purchase Agreement. Assuming that the maximum consideration will be paid and satisfied by the allotment and issue of the consideration shares, a total of 328,118,768 consideration shares will be allotted and issued by the Company, representing approximately 19.08% of the issued share capital of the Company as enlarged by the consideration shares. The completion of the acquisition is subject to various conditions, including but not limited to, the approval of the listing of, and permission to deal in, the consideration shares. Further details of this transaction are set out in the Company's announcements dated 7 July 2016 and 24 August 2016 and the Company's circular dated 9 August 2016.

The Target Group is principally engaged in the provision of project development services and the development of downstream solar power projects in the PRC. It has entered into cooperation agreement with a PRC company engaged in the downstream solar business in the PRC for the development of 70MW downstream solar projects. It is currently expected that the Target Group will complete approximately 70MW downstream solar projects for the 12 months ending 30 June 2017 and no less than 300MW for the 36 months ending 30 June 2019.

The Company intends to explore opportunities to expand into downstream solar business with a view to creating synergy through integration of the downstream solar business with the Group's existing upstream solar business. This acquisition represents an attractive opportunity for the Group to expand into the business of downstream solar project development. The Target Group would bring the required expertise and project pipelines to us. It would also enhance our profit amounts and profitabilities. As a project development service provider, we also minimize our exposures to capital expenditures requirements.

On 8 July 2016, the Company entered into a subscription agreement with an independent subscriber (the "Subscriber"), pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for a total 154,651,306 shares of the Company at a price of HK$0.46 per share (the "Subscription"). The subscription price for the Subscription represented a discount of 9.8% to the closing price of HK$0.51 per Share as stated in the Stock Exchange's daily quotations sheet on 7 July 2016, the last trading day before the date of the subscription agreement. The subscription shares were allotted and issued pursuant to the general mandate on 18 August 2016. The net proceeds from the Subscription (after deducting related professional fees and related expenses) are approximately HK$70.4 million and the net placing price, after deduction of placing commission and all other fees and expenses, was HK$0.45 per Share. Further details of the Subscription are set out in the Company's announcements dated 8 July 2016 and 18 August 2016. The Company intends to use the net proceeds for any investment opportunities to be identified by the Group and as the general working capital of the Group. We believe the transaction represents a valuable opportunity for the Company to bring in renowned investor with strong financial resources and backgrounds and wide business networks, which in turn would bring strategic values to the Company.

Given the current industry environment, it is clear that strict financial discipline is essential to success. Our financial position was further strengthened after completion of the Subscription. In addition, we continued to implement a balanced financing plan to support our business operation. During the Period, we achieved net cash inflow from operating activities of approximately RMB63.3 million and the net debt to equity ratio was 21.3 % as of 30 June 2016, as reduced from 24.8% as of 31 December 2015. Our solid financial positions enable us to pursue growth opportunities.

We are investing further resources to upgrade our production process and to train our staffs in our factory located in Malaysia. We expect the capacity utilization in our factory located in Malaysia would continue to increase in coming few quarters. The cost of electricity, average salaries per workers and the tax incentive policies in Malaysia are all very competitive. It would enable us to keep lowering our production costs. Besides, it also helps us to mitigate the risks and costs in relation to international trade conflicts between PRC and overseas countries. We expect the uncertainties from potential trade conflicts would continue to exist. We are one of the few PRC-based companies with overseas production facilities and we would benefit from the pioneer advantages. Considering the various competitive advantages of our production facilities in Malaysia, we would evaluate different alternatives to further expand our capacity over there.

In addition to the strategy of the Group to expand production capacities in low-cost region, we also continued to execute our cost reduction strategy on the supply chain management. In prior years, in order to secure a stable supply of raw materials, the Group has entered into several non-cancellable purchase agreements with two major suppliers, independent parties not related to the Group, whereby the Group committed a “take or pay” obligation to purchase the minimum annual quantity of raw materials at pre-determined prices over the contractual periods up to 2018. By early 2016, the Group has reached agreements with the two major suppliers under which one of the major suppliers has agreed to waive the terms relating to minimum annual quantity and pre-determined purchase price and the other major supplier has agreed to reduce the pre-determined purchase price for the forthcoming purchases. It would enable the Group, starting from 2016 onwards, to substantially mitigate the risks and costs related to the long term purchase agreements which led to the substantial amount of losses in 2015 and the operating losses in last few years. It would allow the Group to be more flexible in managing its supply chain to adapt to the market situations and benefit from the decreasing spot prices of raw materials.

Our continual efforts to improve technology, manufacturing process and conversion efficiency of our wafers, and expansion of production capacities in Malaysia would enable us to continuously reduce our costs of production. We expect to see further costs reduction after achieving full utilization of our production facilities in Malaysia. Cost competitiveness driven by technical advancement would be crucial to the continuous development of the Company. We will focus on combining innovative products and manufacturing efficiency to respond to the fast growing and competitive landscape of solar industry. We would also leverage our advantages in wafer technology to reduce cost without compromising quality and to generate value for customers. This strategy enabled us to differentiate ourselves in the market and would ensure our long term sustainability.

We are in the process of obtaining qualification with potential new customers. We were aware that an increasing number of PRC-based solar cell manufacturing companies were developing their N-type solar cell products and they were able to raise money from the capital market in China to fund their expansion. We believe our sounding track record differentiates us from our competitors in the market and strengthens the entry barrier to the market.

During the Period, there were further decreases in module and total system costs. The installation of PV systems is becoming increasingly affordable. The cost of solar power is now below user-paid rates for increasing number of markets and user categories. We believe that lower PV system costs will continuously drive the adoption of solar power and long-term market growth. While China and U.S.A. represent the leading end markets for solar energy, we see a ramping up in PV adoption and planning in emerging markets in South America, the Southeast Asia, Australia, Africa, and the Middle East. We are also excited to see the increasing commitments to distributed generation projects from various emerging markets. We expect that it would further strengthen the barrier to entry to our business as few suppliers can meet the rigorous standards of product quality and reliabilities for such projects. Our deep commitments to research and development ("R&D") and delivering high conversion efficiency wafers ensure our leading position in the market. Going forward, we expect the Group will benefit from this trend of increasing demand for high efficiency products.

The Group intends to maintain its existing business of manufacturing and sales of high efficient monocrystalline solar wafers. And we intend to explore opportunities with the expansion into downstream solar business to integrate with our existing upstream solar business. With our leading technology, strong brand name and our products of premium quality and reliability, 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 Yi Zhang
Chairman

Shanghai, the People's Republic of China, 29 August 2016

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 2015. 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	
		2016	2015
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue		**491,149**	566,031
Cost of sales		**(460,086)**	(552,014)
Gross profit		**31,063**	14,017
Other income		**2,917**	2,972
Other gains and losses	*5*	**(3,118)**	(132,714)
Distribution and selling expenses		**(9,091)**	(8,394)
Administrative expenses		**(23,426)**	(72,879)
Finance costs		**(5,045)**	(7,455)
Loss before taxation	*6*	**(6,700)**	(204,453)
Taxation	*7*	**295**	408
Loss and total comprehensive expense for the period, attributable to owners of the Company		**(6,405)**	(204,045)
		RMB cents	*RMB cents*
Loss per share			
— Basic and diluted	*9*	**(0.46)**	(14.66)

Condensed Consolidated Statement of Financial Positions

	NOTES	**30 June 2016** *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**1,000,028**	1,018,072
Prepaid lease payments-non-current		**30,899**	26,179
Deposits paid for acquisition of property, plant and equipment		**30,171**	31,370
Advance to suppliers	*10*	**52,684**	108,256
		1,113,782	1,183,877
Current assets			
Inventories		**283,471**	263,645
Trade and other receivables	*11*	**192,503**	251,832
Bills receivable	*11*	**12,454**	6,971
Advance to suppliers	*10*	**59,284**	2,920
Prepaid lease payments-current		**693**	600
Prepaid assignment fee-current	*12*	**166,190**	175,546
Pledged bank deposits		**117,377**	171,084
Bank balances and cash		**61,164**	49,715
		893,136	922,313
Assets classified as held for sale		**–**	19,129
		893,136	941,442
Current liabilities			
Trade and other payables	*13*	**253,847**	286,048
Customers' deposits received-current	*12*	**175,822**	178,676
Short-term bank loans		**431,889**	509,793
Tax liabilities		**275**	400
Deferred revenue		**287**	287
		862,120	975,204
Net current assets (liabilities)		**31,016**	(33,762)
Total assets less current liabilities		**1,144,798**	1,150,115

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Capital and reserves		
Share capital	**1,205**	1,205
Reserves	**1,130,828**	1,135,707
Total equity	**1,132,033**	1,136,912
Non-current liabilities		
Deferred tax liabilities	**8,324**	8,620
Deferred revenue	**4,441**	4,583
	12,765	13,203
	1,144,798	1,150,115

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 International Accounting Standard 34 (IAS 34) Interim Financial Reporting issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

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 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 7	Disclosure Initiative[4]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2017

The Directors 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 is the loss before taxation of the Group.

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange losses	**(4,095)**	(5,214)
Loss on fair value changes of 2012 Warrants	**–**	(4,500)
Bad debt recovered	**909**	–
Loss on disposal of property, plant and equipment	**(13)**	–
Gain on disposal of assets held for sale	**81**	–
Impairment losses recognised in respect of advance to suppliers	**–**	(121,200)
Impairment losses recognised in respect of prepaid assignment fee	**–**	(1,800)
	(3,118)	(132,714)

6. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss before taxation has been arrived at after charging:		
Cost of inventories recognised as expense	**460,086**	552,014
Depreciation of property, plant and equipment	**30,433**	37,910
Release of prepaid lease payments	**415**	498
Research and development expenses (included in administrative expenses)	**3,713**	3,737
Operating lease rentals in respect of rented premises	**1,116**	810

7. TAXATION

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
People's Republic of China (the "PRC") Enterprise Income Tax		
— Tax credit for the current period	**295**	408

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 2016 and 30 June 2015. 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 2016 and 2015.

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(6,405)**	(204,045)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,391,861,750**	1,391,834,709

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

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 per share for the six months ended 30 June 2016 and 30 June 2015 since 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. ADVANCE TO SUPPLIERS/PROVISION FOR ONEROUS CONTRACTS

In prior years, in order to secure a stable supply of raw materials, the Group has entered into several non-cancellable purchase agreements with two major suppliers, independent parties not related to the Group, whereby the Group committed a "take or pay" obligation to purchase the minimum annual quantity of raw materials, mainly polysilicon virgins (to be used in the manufacture of its products) at pre-determined prices over the contractual periods up to 2018 (can be extended to 2021 with prior written notice to the supplier). According to the terms of these agreements, the Group were required to made upfront advances to these suppliers. The advances are unsecured, interest-free and non-refundable but could be utilised to reduce the invoice amount of purchases up to those agreed minimum annual quantities. Therefore, at the end of each reporting period, the Directors estimate the amount of advances that is expected to be settled by the offset of the purchases of the agreed contract quantity in the next twelve months and classify it as current asset at the end of each reporting period. The remaining balance is classified as non-current asset in the consolidated statement of financial position. In early 2016, the Group has reached into agreements with the two major suppliers, of which one has unconditionally agreed to waive the term relating to minimum annual quantity and pre-determined purchase price and the other has unconditionally agreed to reduce the pre-determined purchase price for the forthcoming purchases.

The Group has periodically performed an analysis of the sufficiency of impairment recognised in respect of advance to suppliers and provision for onerous contracts, due to volatility of the solar industry which the Group is engaged in. The analysis has made reference to the Group's budgeted annualised production capacity, the Group's product mix, recent market demand for the Group's products, updated forecasted selling prices of the products that reflected current market assessments; and the Group's committed delivery of solar products including terms governed the take or pay supply agreements referred above, etc. Based on such analysis, the Group recognised impairment provision/onerous contracts provision, which represented expected losses to be suffered or future payments that the Group is presently obliged to make under the above-mentioned non-cancellable take or pay agreements, after taking into account the revenue expected to be earned and costs to be incurred in production over the contractual periods, and the movement of which are as follow:

	Provision for impairment on advance to suppliers *RMB'000*	Provision for onerous contracts *RMB'000*	Total *RMB'000*
At 1 January 2015	174,521	7,576	182,097
Utilise*	(144,065)	–	(144,065)
Transfer	7,576	(7,576)	–
Provision	121,200	–	121,200
At 30 June 2015	159,232	–	159,232
Utilise*	(95,100)	–	(95,100)
Provision	31,558	–	31,558
At 31 December 2015	95,690	–	95,690
Utilise*	(45,049)	–	(45,049)
At 30 June 2016	50,641	–	50,641

* the provision was utilised as a reduction of cost of sales on disposal of the excessive polysilicon virgins which were purchased from the above suppliers and in turn resold to the free market.

The balance of advance to suppliers are analysed as follows:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Gross amounts	**162,609**	206,866
Provision	**(50,641)**	(95,690)
	111,968	111,176
Less: Amounts recoverable within one year shown under current assets	**(59,284)**	(2,920)
Amounts shown under non-current assets	**52,684**	108,256

11. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLE

	30 June 2016 *RMB'000* (Unaudited)	31 December 2015 *RMB'000* (Audited)
Trade receivables	**137,635**	183,894
Less: allowance for doubtful debts	**(3,351)**	(4,260)
	134,284	179,634
Utility deposits	**3,181**	2,988
Value-added-tax recoverable	**36,204**	49,091
Other receivables and prepayments	**18,834**	20,119
	192,503	251,832
Bills receivable	**12,454**	6,971

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 2016 *RMB'000* (Unaudited)	31 December 2015 *RMB'000* (Audited)
Age		
0 to 30 days	**12,020**	41,402
31 to 60 days	**41,345**	40,043
61 to 90 days	**24,830**	29,849
91 to 180 days	**30,580**	54,294
Over 180 days	**25,509**	14,046
	134,284	179,634

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

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Age		
0 to 30 days	**6,116**	5,800
31 to 60 days	**3,838**	871
61 to 90 days	**1,000**	–
91 to 180 days	**1,500**	300
	12,454	6,971

12. PREPAID ASSIGNMENT FEE/CUSTOMERS' DEPOSITS RECEIVED

On 27 December 2013, a wholly-owned subsidiary of the Company, namely Comtec Solar (Hong Kong) Limited ("Comtec Solar HK"), entered into a wafer supply agreement (the "Wafer Supply Agreement") with Mission Solar Energy LLC, a Delaware limited liability company ("Mission") which is an independent third party, pursuant to which Comtec Solar HK will supply solar wafers with capacity of approximately 500MW to Mission from June 2014 to July 2017 at pre-determined delivery schedule and supply price.

In addition, Mission paid non-refundable deposits of USD35 million (equivalent to approximately RMB213,391,000) to Comtec Solar HK which will be used to offset the related consideration payable from June 2014 to July 2017 upon delivery of the solar wafers under the Wafer Supply Agreement. As a result, the Group recognised such deposits as customers' deposits received in the consolidated statement of financial position. At each reporting date, the Directors estimate the amount of advances that is expected to be settled by the offset of the sales of the agreed contract quantity in the next twelve months and classify it as current liability. The remaining balance is classified as non-current liability in the consolidated statement of financial position. In early 2016, Comtec Solar HK has reached into an agreement with Mission under which neither parties under the Wafer Supply Agreement shall be bounded by the pre-determined delivery schedule and supply price terms for the forthcoming supply/purchase. As the revised delivery schedule has not been reached as to the date of this financial statements, the full amount of the deposit received from Mission is classified as current liabilities as of 30 June 2016 and 31 December 2015.

Carrying amounts of deposits received from Mission:

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Within one year	**166,190**	175,546

Immediately before the conclusion of the Wafer Supply Agreement between Comtec Solar (HK) and Mission, Comtec Solar (HK) entered into an agreement with an independent third party (the "Assignor" or the former seller of Mission) and paid an amount of USD35 million (equivalent to approximately RMB213,391,000) to the Assignor as an assignment fee that Comtec Solar (HK) assumed obligations as seller and the Assignor assigned its rights to Comtec Solar (HK) under the Wafer Supply Agreement over the relevant contractual period.

The Group recognised such prepaid assignment fee in the consolidated statement of financial position. At 30 June 2016 and 31 December 2015, the Directors estimate the amount of assignment fee that is expected to be released to the consolidated statement of profit or loss and other comprehensive income over the sales of the agreed contract quantity in the next twelve months and classify it as current asset.

Carrying amounts of prepaid assignment fee:

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Current portion	**166,190**	175,546

The Directors assessed provision for onerous contract in relation to the Wafer Supply Agreement and prepaid assignment fee on regular basis. Details of parameters of analysis are set out in note 10.

The Group recognised impairment losses in respect of prepaid assignment fee of nil as at 30 June 2016 (31 December 2015: nil). Movement in the allowance for prepaid assignment fee:

	RMB'000
Balance at 1 January 2015	5,190
Impairment losses recognised in profit or loss	1,800
Utilisation	(5,190)
Balance at 30 June 2015	1,800
Reversal during the six-months period ended 31 December 2015	(1,800)
Balance at 31 December 2015 and 30 June 2016	–

13. TRADE AND OTHER PAYABLES

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Trade payables	**177,891**	202,450
Payables for acquisition of property, plant and equipment	**44,935**	52,720
Other payables and accrued charges	**31,021**	30,878
	253,847	286,048

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

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Age		
0 to 30 days	**38,630**	47,758
31 to 60 days	**8,381**	21,952
61 to 90 days	**13,728**	16,119
91 to 180 days	**15,411**	34,667
Over 180 days	**101,741**	81,954
	177,891	202,450

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.

14. SUBSEQUENT EVENTS

(a) On 7 July 2016, the Company entered into a sales and purchase agreement with 2 independent vendors (the "Vendors"), pursuant to which the Company agreed to acquire the entire issued share capital of Joy Boy HK Limited and its subsidiaries (the "Target Group") at a total maximum consideration of RMB130 million from the Vendors. The consideration is to be satisfied by allotting and issuing the Company's shares at an issue price of HK$0.46 per consideration share to the Vendors under the specific mandate which was sought from the shareholders of the Company on 24 August 2016 (unless the Company opted to pay in cash with the consent of the Vendors).

The issue price of HK$0.46 per consideration share was approximately 9.8% discount to the closing price of the Company's shares on the date of the sale and purchase agreement. Assuming that the maximum consideration will be paid and satisfied by the allotment and issue of the consideration shares, a total of 328,118,768 consideration shares will be allotted and issued by the Company, representing approximately 19.08% of the issued share capital of the Company as enlarged by the consideration shares. The completion of the acquisition is subject to various conditions, including but not limited to, the shareholders' approval at the extraordinary general meeting of the Company. Further details of this transaction are set out in the Company's announcements dated 7 July 2016 and 24 August 2016 and the Company's circular dated 9 August 2016.

The Target Group is principally engaged in the provision of project development services and the development of downstream solar power projects in the PRC.

(b) On 8 July 2016, the Company entered into a subscription agreement with an independent subscriber (the "Subscriber"), pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for a total 154,651,306 shares of the Company at a price of HK$0.46 per share (the "Subscription"). The subscription price for the Subscription represented a discount of 9.8% to the closing price of HK$0.51 per share as stated in the Stock Exchange's daily quotations sheet on 7 July 2016, the last trading day before the date of the subscription agreement. The subscription shares were allotted and issued pursuant to the general mandate on 18 August 2016. The net proceeds from the Subscription (after deducting related professional fees and related expenses) are approximately HK$70.4 million. Further details of the Subscription are set out in the Company's announcements dated 8 July 2016 and 18 August 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Period, there were further decreases in module and total system costs. The installation of PV systems is becoming increasingly affordable. The cost of solar power is now below user-paid rates for increasing number of markets and user categories. We believe that lower PV system costs will continuously drive the adoption of solar power and long-term market growth. While China and U.S.A. represent the leading end markets for solar energy, we see a ramping up in PV adoption and planning in emerging markets in South America, the Southeast Asia, Australia, Africa, and the Middle East. We are also excited to see the increasing commitments to distributed generation projects from various emerging markets. We expect that it would further strengthen the barrier to entry to our business as few suppliers can meet the rigorous standards of product quality and reliabilities for such projects. Our deep commitments to R&D and delivering high conversion efficiency wafers ensure our leading position in the market. Going forward, we expect the Group will benefit from this trend of increasing demand for high efficiency products.

The Group intends to maintain its existing business of manufacturing and sales of high efficient monocrystalline solar wafers. And we intend to explore opportunities with the expansion into downstream solar business to integrate with our existing upstream solar business.

On 7 July 2016, the Company entered into a sales and purchase agreement with the Vendors, pursuant to which the Company agreed to acquire the entire issued share capital of Joy Boy HK Limited at a total maximum consideration of RMB130 million from the Vendors. The maximum consideration has been arrived at on an arm's length basis under normal commercial terms pursuant to the negotiations between the parties after taking into account, among others, the mid-point of the range of fair market value of the Target Group, which amounted to RMB133 million, as disclosed in the valuation report prepared by an independent third professional party, the targeted profit before tax of RMB80 million for the 36 months ending 30 June 2019, and the implied multiple of 4.875x based on the maximum consideration over annualized target consolidated profit before taxation. The consideration is to be satisfied by the Company by allotting and issuing new Shares at an issue price of HK$0.46 per consideration share to the Vendors under the specific mandate which was sought from the Shareholders on 24 August 2016 (unless the Company opted to pay in cash with the consent of the Vendors).

The issue price of HK$0.46 per consideration share was approximately 9.8% discount to the closing price of the Shares on the date of the sale and purchase Agreement. Assuming that the maximum consideration will be paid and satisfied by the allotment and issue of the consideration shares, a total of 328,118,768 consideration shares will be allotted and issued by the Company, representing approximately 19.08% of the issued share capital of the Company as enlarged by the consideration shares. The completion of the acquisition is subject to various conditions, including but not limited to, the approval of the listing of, and permission to deal in, the consideration shares. Further details of this transaction are set out in the Company's announcements dated 7 July 2016 and 24 August 2016 and the Company's circular dated 9 August 2016.

The Target Group is principally engaged in the provision of project development services and the development of downstream solar power projects in the PRC. It has entered into cooperation agreement with a PRC company engaged in the downstream solar business in the PRC for the development of 70MW downstream solar projects. It is currently expected that the Target Group will complete approximately 70MW downstream solar projects for the 12 months ending 30 June 2017 and no less than 300MW for the 36 months ending 30 June 2019.

The Company intends to explore opportunities to expand into downstream solar business with a view to creating synergy through integration of the downstream solar business with the Group's existing upstream solar business. This acquisition represents an attractive opportunity for the Group to expand into the business of downstream solar project development. The Target Group would bring the required expertise and project pipelines to us. It would also enhance our profit amounts and profitabilities. As a project development service provider, we also minimize our exposures to capital expenditures requirements.

On 8 July 2016, the Company entered into a subscription agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for a total 154,651,306 shares of the Company at a price of HK$0.46 per share. The subscription price for the Subscription represented a discount of 9.8% to the closing price of HK$0.51 per Share as stated in the Stock Exchange's daily quotations sheet on 7 July 2016, the last trading day before the date of the subscription agreement. The subscription shares were allotted and issued pursuant to the general mandate on 18 August 2016. The net proceeds from the Subscription (after deducting related professional fees and related expenses) are approximately HK$70.4 million and the net placing price, after deduction of placing commission and all other fees and expenses, was HK$0.45 per Share. Further details of the Subscription are set out in the Company's announcements dated 8 July 2016 and 18 August 2016. The Company intends to use the net proceeds for any investment opportunities to be identified by the group and as the general working capital of the Group. We believe the transaction represents a valuable opportunity for the Company to bring in renowned investor with strong financial resources and backgrounds and wide business networks, which in turn would bring strategic values to the Company.

Given the current industry environment, it is clear that strict financial discipline is essential to success. Our financial position was further strengthened after Completion of the Subscription. In additions, we continued to implement a balanced financing plan to support our business operation. During the Period, we achieved net cash inflow from operating activities of approximately RMB63.3 million and the net debt to equity ratio was 21.3 % as of 30 June 2016, as reduced from 24.8% as of 31 December 2015. Our solid financial positions enable us to pursue growth opportunities.

Upon our solid financial positions, we are investing further resources to upgrade our production process and to train our staffs in our factory located in Malaysia. We expect the capacity utilization in our factory located in Malaysia would continue to increase in coming few quarters. The cost of electricity, average salaries per workers and the tax incentive policies in Malaysia are all very competitive. It would enable us to keep lowering our production costs. Besides, it also helps us to mitigate the risks and costs in relation to international trade conflicts between PRC and overseas countries. We expect the uncertainties from potential trade conflicts would continue to exist. We are one of the few PRC-based companies with overseas production facilities and we would benefit from the pioneer advantages. Considering the various competitive advantages of our production facilities in Malaysia, we would evaluate different alternatives to further expand our capacity over there.

In addition to the strategy of the Group to expand production capacities in low-cost region, we also continued to execute our cost reduction strategy on the supply chain management. In prior years, in order to secure a stable supply of raw materials, the Group has entered into several non-cancellable purchase agreements with two major suppliers, independent parties not related to the Group, whereby the Group committed a "take or pay" obligation to purchase the minimum annual quantity of raw materials at pre-determined prices over the contractual periods up to 2018. By early 2016, the Group has reached agreements with the two major suppliers under which one of the major suppliers has agreed to waive the terms relating to minimum annual quantity and pre-determined purchase price and the other major supplier has agreed to reduce the pre-determined purchase price for the forthcoming purchases. It would enable the Group, starting from 2016 onwards, to substantially mitigate the risks and costs related to the long term purchase agreements which led to the substantial amount of losses in 2015 and the operating losses in last few years. It would allow the Group to be more flexible in managing its supply chain to adapt to the market situations and benefit from the decreasing spot prices of raw materials.

Our continual efforts to improve technology, manufacturing process and conversion efficiency of our wafers, and expansion of production capacities in Malaysia would enable us to continuously reduce our costs of production. We expect to see further costs reduction after achieving full utilization of our production facilities in Malaysia. Cost competitiveness driven by technical advancement would be crucial to the continuous development of the Company. We will focus on combining innovative products and manufacturing efficiency to respond to the fast growing and competitive landscape of solar industry. We would also leverage our advantages in wafer technology to reduce cost without compromising quality and to generate value for customers. This strategy enabled us to differentiate our Company in the market and would ensure our long term sustainability.

We are currently in the process of obtaining qualification with potential new customers. We were aware that an increasing number of PRC-based solar cell manufacturing companies were developing their N-type solar cell products and they were able to raise money from the capital market in China to fund their expansion. We believe our sounding track record 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 59.2% to our total revenue, compared to approximately 62.8% in the corresponding period last year. The sales to the largest customer in the Philippines with the high quality “Super Mono Wafers” accounted for approximately 36.0% of our total revenues in the Period, as compared to approximately 38.9% in the corresponding period in 2015. We continued to diversify and expand our customer bases.

The Group intends to maintain its existing business of manufacturing and sales of high efficient monocrystalline solar wafers. And we intend to explore opportunities with the expansion into downstream solar business to integrate with our existing upstream solar business. To leverage on our advanced technological capabilities, high quality product offerings, premium customer bases and the strategic partnership with reputable institutional investors, we are confident to capture enormous opportunities in the solar industry and to drive continued and healthy growth for the Group in the future.

FINANCIAL REVIEW

Revenue

Revenue decreased by RMB74.9 million, or 13.2%, from RMB566.0 million for the corresponding period in 2015 to RMB491.1 million for the Period, primarily as a result of the decrease in the average selling price and the sales volume. The average selling prices generally decreased in the industry during the Period to ensure our cost competitiveness. In addition, we invested further resources to upgrade our product quality and to train our staffs in our factory located in Malaysia. It thus impacted on our total ingot and wafers shipment volume which decreased by 15.9% from 197.7 MW for the corresponding period in 2015 to 166.2 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 RMB54.1 million, or 23.4%, from RMB231.3 million for the corresponding period in 2015 to RMB177.2 million for the Period, primarily due to the decrease in our sales volume by 14.8% from 146.7 MW for the corresponding period in 2015 to 125.0 MW for the Period, as well as by the decrease in average selling price of approximately 12.5% from RMB1.6 per watt in the corresponding period in 2015 to RMB1.4 per watt for the Period.

Sales of 156 mm by 156 mm monocrystalline solar wafers

Revenue from sales of 156 mm by 156 mm monocrystalline solar wafers decreased by RMB27.8 million, or 35.2%, from RMB79.0 million for the corresponding period in 2015 to RMB51.2 million for the Period, primarily as a result of an decrease of sales volume by 28.0% from 48.9 MW for the corresponding period in 2015 to 35.2 MW for the Period as well as by the decrease in average selling price of approximately 6.3% from RMB1.6 per watt in the corresponding period in 2015 to RMB1.5 per watt for the Period.

Processing services income

Revenue from processing fees on monocrystalline solar ingots and wafers was RMB1.9 million, an increase of RMB1.4 million or approximately 280.0% from RMB0.5 million for the corresponding period in 2015, primarily due to the significant increase in scale for the processing services. The Company considered processing services as value-added services provided by the Company to its major customers and such services were not the major focus of the Company.

Others

Other revenue was mainly generated from the sales of excess inventory of polysilicon which were purchased under the long term agreements with our major polysilicon suppliers. Such revenues increased by RMB5.7 million or 2.2%, from RMB255.2 million for the corresponding period in 2015 to RMB260.9 million for the Period. It was mainly attributable to the increase in average selling price of polysilicon for the Period.

Revenue by geographical market

In relation to the geographical analysis of our revenue, approximately 55.2% (2015: 37.7%) of total revenue for the Period was generated from our sales in China. The remaining portion was mainly generated from our sales to the Philippines, the United States of America and Japan-based customers.

Cost of sales

Cost of sales decreased by RMB91.9 million, or 16.6%, from RMB552.0 million for the corresponding period in 2015 to RMB460.1 million for the Period, primarily as a result of the decrease in sales volumes due to the aforementioned factors and reduction of raw material costs during the Period.

Gross profit

Gross profit increased by RMB17.1 million, or 122.1%, from RMB14.0 million for the corresponding period in 2015 to RMB31.1 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 2015 and mainly represented bank interest income.

Other gains and losses

Other losses were approximately RMB3.1 million during the Period, representing a decrease from RMB132.7 million for the corresponding period in 2015. Such losses during the Period were mainly related to the net foreign exchange losses. The material amount of other losses in 2015 was mainly due to the impairment losses on advance to suppliers and the loss from fair value changes of the outstanding warrants which did not exist in the Period.

Distribution and selling expenses

Distribution and selling expenses increased by RMB0.7 million, or 8.3%, from RMB8.4 million for the corresponding period in 2015 to RMB9.1 million during the Period, primarily due to the increase in transportation expenses during the Period.

Administrative and general expenses

Administrative and general expenses decreased by RMB49.5 million, or 67.9%, from RMB72.9 million for the corresponding period in 2015 to RMB23.4 million for the Period, which was mainly due to the stock compensation expenses of approximately RMB38.6 million incurred for the share options granted during the corresponding period in 2015.

Interest expenses

Interest expenses decreased by RMB2.5 million from RMB7.5 million for the corresponding period in 2015 to RMB5.0 million for the Period. It was mainly due to the decrease in outstanding loan amount during the Period.

Profit (Loss) before taxation

Loss before taxation was approximately RMB6.7 million for the Period, representing a decrease from RMB204.5 million for the corresponding period in 2015, due to the aforementioned factors.

Taxation

The Group did not incur significant tax expenses in the Period and the corresponding period in 2015 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 RMB6.4 million during the Period, representing a decrease from the RMB204.0 million for the corresponding period in 2015, due to the aforementioned factors. Accordingly, the Group recorded a net loss margin of 1.3% for the Period, representing a decrease from 36.0% for the corresponding period in 2015.

Interim dividend

The Board resolved not to declare an interim dividend for the Period (six months ended 30 June 2015: nil).

Inventory turnover days

There was an increase in inventory balance of 7.5% from RMB263.6 million as at 31 December 2015 to RMB283.5 million as at 30 June 2016, which was mainly to support our increasing operating scale in our factory located in Malaysia. The inventory turnover days as at 30 June 2016 totaled 112 days (31 December 2015: 81 days).

Trade receivable turnover days

The trade receivable turnover days as at 30 June 2016 totaled 50 days (31 December 2015: 60 days). The credit period for overseas customers is approximately 60 days while the credit period for other customers was approximately 30 to 90 days. The average receivable turnover days were approximately 50 days which was within the credit periods of the Group granted to its customers.

Trade payable turnover days

The trade payable turnover days as at 30 June 2016 totaled 70 days (31 December 2015: 62 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 2016, the Group's current ratio (current assets divided by current liabilities) was 1.0 (31 December 2015: 0.9) and it was in a net debt position of approximately RMB240.9 million (31 December 2015: approximately RMB282.0 million). The Group controlled net debt to equity ratio as 21.3% as of 30 June 2016, compared to 24.8% as of 31 December 2015. The Group's financial position remained healthy during the Period.

Capital commitments

As at 30 June 2016, the capital commitments of the Group remained stable at approximately RMB206.2 million (31 December 2015: RMB205.2 million).

Contingent liabilities

As at 30 June 2016, there was no material contingent liability (31 December 2015: 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 during the Period.

Charges on group assets

As at 30 June 2016, other than the restricted cash of approximately RMB117.4 million (31 December 2015: RMB171.1 million), the Group pledged its buildings and prepaid lease payments with net book values of approximately RMB147.8 million (31 December 2015: RMB152.3 million) and approximately RMB23.3 million (31 December 2015: RMB19.6 million), respectively, to banks to secure banking facilities granted to the Group. Save as disclosed above, as at 30 June 2016, 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.

On 7 July 2016, the Company entered into a sales and purchase agreement with the Vendors, pursuant to which the Company agreed to acquire the entire issued share capital of Joy Boy HK Limited, a company principally engaged in the provision of project development services and the development of downstream solar power projects in the PRC, at a total maximum consideration of RMB130 million from the Vendors. The consideration is to be satisfied by the Company by allotting and issuing new Shares at an issue price of HK$0.46 per consideration share to the Vendors under the specific mandate which was sought from the Shareholders on 24 August 2016 (unless the Company opted to pay in cash with the consent of the Vendors). The completion of the acquisition is subject to various conditions, including but not limited to, the approval of the listing of, and permission to deal in, the consideration shares. For details, please refer to the Company’s announcements dated 7 July 2016 and 24 August 2016 and the Company’s circular dated 9 August 2016. It is expected that the acquisition will be completed during September 2016.

Disposal of subsidiary

No subsidiary of the Company was disposed of during the Period.

Use of proceeds

On 8 July 2016, the Company entered into a subscription agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for a total 154,651,306 shares of the Company at a price of HK$0.46 per share. The net proceeds from the Subscription (after deducting related professional fees and related expenses) are approximately HK$70.4 million and the net placing price, after deduction of placing commission and all other fees and expenses, was HK$0.45 per Share. Further details, please refer to the Company's announcements dated 8 July 2016 and 18 August 2016. The Company intends to use the net proceeds for any investment opportunities to be identified by the Group and as the general working capital of the Group.

Save as disclosed herein, the Company has not conducted any equity fund raising activities in the past 12 months preceding the date of this announcement.

Human resources

As at 30 June 2016, the Group had 1,019 (31 December 2015: 1,140) employees. The remuneration of the existing employee includes basic salaries, discretionary bonuses and social security contributions. Payment 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 rapidly 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.

The Company intends to explore opportunities to expand into downstream solar business with a view to creating synergy through integration of the downstream solar business with the Group's existing upstream solar business. Also, the provision of project development services of our downstream solar business would minimize our exposures to capital expenditures requirements.

Exposure to fluctuations in exchange rates and any related hedges

The Group recognised net exchange losses of approximately RMB4.1 million, which mainly arose from monetary assets and liabilities of the group entities denominated in foreign currencies. 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 Yi 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 two 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, risk management 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 2016. 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.

DEFINITION

"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 2016
“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 Yi ZHANG
Chairman

Shanghai, the People’s Republic of China, 29 August 2016

As at the date of this announcement, the executive Directors are Mr. John Yi Zhang and Mr. Chau Kwok Keung, 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.