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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

RESULTS HIGHLIGHTS

- Successfully listed on the Main Board of the Stock Exchange on 30 October 2009
- Revenue of RMB506.9 million
- Gross margin of 10.9%
- Gross profit of RMB55.1 million
- Net profit of RMB24.9 million
- A final dividend of HK0.83 cents (equivalent to RMB0.73 cents) per share is proposed, representing a total payout of RMB7.532 million

OPERATIONAL HIGHLIGHTS

- Production capacity reached 200MW
- Further expansion of production capacity underway
- Sales volume increased by 84.2% to 81.6 MW

CHAIRMAN'S STATEMENT

On behalf of Comtec Solar Systems Group Limited, I am pleased to present the audited annual results of the Group for the year ended 31 December 2009. Despite the exceptional challenging operating environment in 2009, the Group's net profits in 2009 were RMB24.9 million, which exceeded the forecasted net profits of RMB23.9 million as disclosed in the Prospectus by approximately 4.2%. During 2009, we have expanded our production capacity to approximately 200MW. Our shipment volume in 2009 was approximately 81.6 MW, increased from 44.3MW in 2008 by 84.2%. Even under an unfavourable business environment resulted from the global financial crisis, demand for our products by our customers was robust, which, we believe, was attributable to our strong track record on product quality and superior branding.

The "Comtec Solar" brand is synonymous with quality. We maintain the strength of our brand by executing a stringent manufacturing process, tailoring our products to accommodate our customers' needs and leveraging on our extensive track record on superior product quality. With strong commitments on product innovations, we pioneered to commercially launch large size "Perfect Wafers" to market. "Perfect Wafers" refer to completely square wafers. Traditionally, 156mm mono-crystalline solar wafers are in the shape of a "pseudo-square" with the grinded round corners . The grinded round corners result in a smaller area from which solar cells and panels can capture sunlight. With our "Perfect Wafer", the cell and panel-makers can increase the active area of their cells and panels and hence the amount of electricity generated. Neo Solar Power, one of our customers, has newly launched their "Perfect Cell" product using our "Perfect Wafer" which has demonstrated a more than 3% increase in power density and an average conversion efficiency of 17.8%.

During the year, the Company was successfully listed on the Main Board of the Stock Exchange on 30 October 2009 (the "IPO"). Being the only solar company successfully closed an IPO on a major stock exchange under the challenging macro economic environment in 2009, we obtained worldwide supports from the investors. The IPO proceeds have contributed the source of funding for the Group's long-term development and strengthened our ability to drive innovation, build downstream relationships, increase our production capacity and further our technological expertise to mitigate the unfavorable business conditions brought by the global financial crisis.

Our board of directors and management team have the confidence in the prospects of the solar energy industry. We believe governments of various countries will continue invest heavily on solar and other clean energies, with the objectives to restore economies, create employment and at the same time to establish a low- carbon emission environment. In respect of the global PV markets, countries including Germany, Spain, Italy and Japan are currently the major end-markets. These countries are promoting solar generation by implementing proactive policies, such as government grants, leading to the fast development of the PV manufacturing industry. China and the United States, being the largest energy consuming countries in the world, together with Greece, France, Australia and the Middle East are promising solar energy markets with substantial potential in the future.

At present, solar energy is still a relatively high cost method for generating power, compared to traditional sources. However, the cost of generating power of solar energy per watt had reduced substantially since the fourth quarter of 2008 due to the decrease of polysilicon costs, continuous upgrading of production techniques and enhancement of operational effectiveness in the industry. The said reduction in polysilicon prices has accelerated the industry's progress towards grid-parity and created opportunities for the Group. I am confident that we have the reputation, the suppliers and customers relationships and the capability to adapt to the new economics and competitive landscape of the solar industry. With the support of our board of directors and management team, who are presented in the following section of this Report, I am equally confident that our business will continue to grow and to develop steadily and healthily.

We are now in the process of further expanding our capacity beyond 200MW. We are going to set up our new production plant in Hai'An Economic Development District of Jiangsu Province. In this connection, as disclosed in the Company's announcement dated 25 January 2010, Jiangsu Hai'An Economic Development District Management Committee (the "Hai'An Committee") had agreed to provide land and construction support, electricity discount, investment incentives to the Company and take other project promoting measures to assist the Company. The Hai'An Committee will also provide certain assistance to our Group to obtain necessary permits for the construction of production facilities, liaising with relevant power department to ensure uninterrupted provision of electricity. Taking into account the various financial and non-financial benefits as set put above, we believe we would be able to implement the production expansion plan cost effectively in Hai'An which would be beneficial to the Company and our shareholders as a whole.

As disclosed in the Prospectus, it is expected that we can achieve the annual production capacity of 504MW by the end of June 2010 with a budget of RMB410.8 million. As a result of the savings in land and construction costs to the credit of the strong support we received from the local government in Jiangsu Province, we expect to increase our annual production capacity to approximately 600MW in the third quarter of 2010 with the same budget. We expect to finance such capital expenditures with the IPO proceeds, our cash inflow from operating activities and the bank borrowings.

The Group will continue to strive for improving product quality and reducing the cost of production to further strengthen our competitive advantages. At present, the Group is proactively refining the existing business strategies and identifying potential business opportunities, in an effort to capture enormous opportunities in the upcoming era of clean and economical power of solar energy, in order to create the greatest reward for our shareholders.

I look forward to reporting to the shareholders at the annual general meeting and in the next interim and annual reports in respect of the effective stewardship of your Company's business and assets and the continuous delivery of value to our shareholders.

John Zhang
Chairman

ANNUAL RESULTS

The board of directors of Comtec Solar Systems Group Limited is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2009, together with the comparative figures for the corresponding year in 2008. These results have been reviewed by the Company's audit committee, comprising solely the independent non-executive Directors, one of whom chairs the committee.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTES	**For the year ended 31 December 2009**	**2008**
		RMB'000	*RMB'000*
Revenue	3	506,876	762,103
Cost of sales		(451,760)	(530,802)
Gross profit		55,116	231,301
Other income		6,699	47,133
Distribution and selling expenses		(2,221)	(1,401)
Administrative and general expenses		(18,185)	(23,888)
Other expenses	4	(3,410)	(80,285)
Interest expense		(6,669)	(6,295)
Profit before taxation	5	31,330	166,565
Taxation	6	(6,389)	(35,086)
Profit and total comprehensive income for the year, attributable to the owners of the Company		24,941	131,479
		RMB cents	*RMB cents*
Earnings per share - Basic	7	3.22	23.54
- Diluted	7	3.22	23.54

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	2009 RMB'000	2008 RMB'000
Non-current assets			
Property, plant and equipment		427,582	245,615
Prepaid lease payments - non-current		15,209	15,531
Deposits paid for acquisition of property, plant and equipment		39,672	22,931
Advance to suppliers		183,810	183,305
Deferred tax assets		1,451	6,551
		667,724	473,933
Current assets			
Inventories	8	108,354	33,083
Trade and other receivables	9	166,128	92,824
Bills receivable	9	32,006	—
Advance to suppliers		36,903	45,538
Prepaid lease payments - current		322	322
Taxation recoverable		—	6,470
Bank balances and cash		399,238	165,091
		742,951	343,328
Current liabilities			
Trade and other payables	10	198,537	108,788
Customers' deposits received		25	202
Taxation payable		714	5,103
Short-term bank loans		146,000	140,000
		345,276	254,093
Net current assets		397,675	89,235
Total assets less current liabilities		1,065,399	563,168
Capital and reserves			
Share capital		910	239
Preferred share capital		—	11
Reserves		1,060,715	559,667
Total equity		1,061,625	559,917
Non-current liabilities			
Deferred tax liabilities		3,774	3,251
		1,065,399	563,168

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

The consolidated financial statement are presented in Renminbi ("RMB"), the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")/CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied a number of new and revised standards, amendments to standards and interpretations ("new and revised IFRSs") issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the International Accounting Standards Board ("IASB").

Except as described below, the adoption of the new and revised IFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

IAS 1 (Revised 2007) Presentation of Financial Statements

IAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

IFRS 8 *Operating Segments*

The Group adopted IFRS 8 with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, in order to allocate resources to segments and to assess their performance.

IAS 23 *(Revised 2007) Borrowing costs*

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. IAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of IAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalised all such borrowing costs as part of the cost of the qualifying asset. The Group has applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January

2009 in accordance with the transitional provisions in IAS 23 (Revised 2007). As the revised accounting policy has been applied prospectively from 1 January 2009, this change in accounting policy has not resulted in restatement of amounts reported in respect of prior accounting periods.

In current year, borrowing costs of approximately RMB 1,483,000 were capitalised as part of the cost of a manufacturing plant. Profit for the year ended 31 December 2009 has therefore been increased by RMB 1,483,000.

At the date of this report, the IASB has issued the following new and revised International Accounting Standards ("IASs"), IFRSs, Amendments, and IFRICs which are not yet effective. The Group has not early adopted the following new and revised standards, amendments, or interpretations that have been issued but are not yet effective:

IFRSs (Amendments)	Amendments to IFRS 5 as part of Improvements to IFRSs issued in 2008[1]
IFRSs (Amendments)	Improvements to IFRSs issued in 2009[2]
IAS 24 (Revised)	Related Party Disclosures[5]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
IAS 32 (Amendment)	Classification of Right Issues[3]
IAS 39 (Amendment)	Eligible hedged Items[1]
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
IFRS 1 (Amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters[6]
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
IFRS 3 (Revised)	Business Combinations[1]
IFRS 9	Financial Instruments[7]
IFRIC 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
IFRIC 17	Distributions of Non-cash Assets to Owners[1]
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments[6]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 February 2010
[4] Effective for annual periods beginning on or after 1 January 2010
[5] Effective for annual periods beginning on or after 1 January 2011
[6] Effective for annual periods beginning on or after 1 July 2010
[7] Effective for annual periods beginning on or after 1 January 2013

The adoption of IFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. IAS 27 (Revised) will affect the Group's accounting treatment for changes in the Group's ownership interest in a subsidiary.

IFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value.

The directors of the Company anticipate that the application of the above and other new or revised standards, amendments, and interpretations will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Mr. Zhang, the chief operating decision maker of the Group, regularly reviews revenue analysis by major products and the profit for the year of the Group as a whole for the purposes of performance assessment and making decisions about resources allocation. As no other discrete financial information is available for the assessment of performance of different business activities, no segment information is presented other than entity-wide disclosures.

Entity-wide disclosures

Revenue analysed by major products

The Group is currently operating in two major units, namely manufacturing and sales of solar wafers and related products and manufacturing and sales of semiconductors.

The following table sets forth a breakdown of the Group's revenue from manufacturing and sales of solar wafers and related products and manufacturing and sales of semiconductors for the year:

	2009	2008
	RMB'000	*RMB'000*
Manufacturing and sales of solar products:		
Monocrystalline solar wafers	466,511	552,249
Monocrystalline solar ingots	19,214	173,217
Sub-total	485,725	725,466
Manufacturing and sales of semiconductors:		
Semiconductor products	9,586	32,272
Others (note)	11,565	4,365
Total revenue	506,876	762,103

Note: Included revenue from sale of materials, such as monocrystalline silicon and recyclable silicon.

Revenue reported above represents revenue generated from external customers. There were no sales between the solar products and the semiconductors operating units during the years.

Assets analysed by major products

	2009	2008
	RMB'000	*RMB'000*
Manufacturing and sales of solar products	174,828	43,692
Manufacturing and sales of semiconductors	3,546	1,173
Total	178,374	44,865

The above assets include mainly trade receivables, bills receivable and inventories which can be allocated to different products.

The above products were produced from the same production facilities, which are located in the People's Republic of China (the "PRC").

Revenue and assets analysed by place of domicile of group entities

The analysis of the Group's revenue from external customers attributed to the country of domicile of the relevant group entities, which is the PRC, and to other foreign countries during the year:

	2009	2008
	RMB'000	*RMB'000*
Place of domicile of group entities:		
Mainland China	404,968	659,938
Other countries/places:		
Taiwan	65,950	25,086
Germany	29,030	92
Japan	—	23,028
Thailand	5,859	49,383
Other countries *(note)*	1,069	4,576
Total revenue	506,876	762,103

All of the Group's non-current assets, including property, plant and equipment, prepaid lease payments, deposits paid for acquisition of property, plant and equipment and advance to suppliers, are located in the group entities's country of domicile, the PRC, at the end of each reporting period.

Note: The customers located in other countries/places are mainly from other Asian countries and the United States.

Information about major customers

Details of the customers accounting for 10% or more of total revenue of the Group are as follows:

	2009	2008
	RMB'000	*RMB'000*
Customer A	87,333	*
Customer B	70,214	164,776
Customer C	*	157,545
Customer D	*	84,073

* *Less than 10%*

All of the customers purchased solar wafers and related products from the Group.

4. OTHER EXPENSES

	2009 *RMB'000*	2008 *RMB'000*
Share-based payments expense	68	41,932
Legal and professional fees *(note)*	3,342	29,369
Impairment of advance to suppliers	—	8,984
	3,410	80,285

Note: The amount mainly represented the legal and professional expenses incurred for the listing of the shares of the Company on the Main Board of the Stock Exchange (the "IPO").

5. PROFIT BEFORE TAXATION

	2009 *RMB'000*	2008 *RMB'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration	2,410	21,788
Other staff costs	13,913	7,153
Other staff's retirement benefits scheme contributions	2,303	835
Share-based payments expense for other staff	—	21,546
Total staff costs	18,626	51,322
Auditor's remuneration	959	106
Non-audit service (note 1)	634	10,534
	1,593	10,640
Cost of inventories recognised as expense (note 2)	451,760	530,802
Depreciation of property, plant and equipment	22,941	20,835
Release of prepaid lease payments	322	138
Research and development expenses	3,544	1,079
Operating lease rentals in respect of rented premises	966	945
Impairment of advance to supplier	—	8,984
Impairment loss on goodwill (included in administrative expenses)	—	136
Write-off of property, plant and equipment	—	7

Notes:

1. The amount mainly represented the legal and professional expenses incurred for the IPO included in other expenses in the consolidated statement of comprehensive income.

2. During the year ended 31 December 2008, included in costs of inventories recognised as expense was write-down of inventories to net realisable values of approximately RMB43,412,000 (2009: nil).

6. TAXATION

	2009 *RMB'000*	2008 *RMB'000*
Current tax:		
Hong Kong Profits Tax	—	—
PRC Enterprise Income Tax		
— Current year	—	33,563
— Underprovision in prior years	766	—
The United States:		
— Federal income tax	—	4,801
	766	38,364
Deferred taxation:		
— Current year	5,623	(3,278)
	6,389	35,086

No Hong Kong Profits Tax has been provided as the group entities either have no relevant assessable profits or incurred tax losses for the years.

PRC income tax is calculated at the applicable tax rates in accordance with the relevant laws and regulations in the PRC. From 1 January 2008 onwards under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Taxation on assessable profits of Comtec Ltd from the period from 1 January 2008 to 30 June 2008 (date of cessation of Comtec Ltd's operations), has been calculated at mainly federal tax rate of approximately 35% prevailing in the United States, in which it operates, based on existing legislation, interpretations and practices, mainly the Internal Revenue Code, as amended in 1986.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the following data.

	2009	**2008**
	RMB'000	*RMB'000*
Profits		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	24,941	131,479
Number of shares		
Weighted average number of ordinary and preferred shares for the purpose of basic and diluted earnings per share *(Note)*	773,650,415	558,573,401

The calculation of diluted earnings per share does not take into account share options as the Company's share options had no dilutive effect to the earnings per share of the Group during the year ended 31 December 2009 and 31 December 2008.

In calculating the weighted average number of ordinary shares for the purpose of calculating basic earnings per share, the shares that were issued pursuant to capitalisation issue of shares are treated as if they had been in issue throughout both years.

Note: Except for the liquidation preference and the mandatorily convertible feature of the preferred shares automatically upon the IPO, the preferred shares shared similar characteristics of ordinary shares of the Company. Such preference shares, which were all converted to ordinary shares during the year ended 31 December 2009, were considered as ordinary shares for the purpose of calculation of basic earnings per share.

8. INVENTORIES

	2009	**2008**
	RMB'000	*RMB'000*
Raw materials	83,587	16,990
Work-in-progress	11,783	9,664
Finished goods	12,984	6,429
	108,354	33,083

9. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLE

	2009	2008
	RMB'000	*RMB'000*
Trade receivables	121,601	28,772
Utility deposits	656	550
Value-added-tax recoverable (2008: Value-added-tax receivables)	39,162	4,814
Other receivables and prepayments	4,709	58,688
	166,128	92,824
Bills receivable	32,006	—

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	2009	2008
	RMB'000	*RMB'000*
Age		
0 to 30 days	79,525	27,675
31 to 60 days	21,595	—
61 to 90 days	9,783	422
91 to 180 days	8,043	674
Over 180 days	2,655	1
	121,601	28,772

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

	2009	2008
	RMB'000	*RMB'000*
Age		
31 to 60 days	6,893	—
91 to 180 days	25,113	—
	32,006	—

10. TRADE AND OTHER PAYABLES

	2009	**2008**
	RMB'000	*RMB'000*
Trade payables	76,680	23,898
Value-added tax payables	792	688
Payables for acquisition of property, plant and equipment	104,260	56,416
Other payables and accrued charges	16,805	27,786
	198,537	108,788

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

	2009	**2008**
	RMB'000	*RMB'000*
Age		
0 to 30 days	50,598	11,516
31 to 60 days	18,318	5,608
61 to 90 days	2,067	3,856
91 to 180 days	3,547	2,320
Over 180 days	2,150	598
	76,680	23,898

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During 2009, the impact of the collapse of the U.S. mortgage market quickly spread into the wider financial sector and then, inevitably, into what is often referred to as the "real economy". The financial crisis also created a short-term challenging environment for the solar industry. The overall demand on solar products was negatively affected. Further, severe drop in overall raw material and product prices was observed.

Despite the impacts of global economic downturn in 2009, the long-term prospect of solar industry is still promising. The resulting reduction in pricing has accelerated the grid-purity. Government of various countries invest heavily on solar and other clean energies, with the objectives to restore economies, create employment and at the same time to establish a low-emission environment.

In respect of the global PV markets, countries including Germany, Spain, Italy and Japan are currently the major end-markets. China and the United States, being the largest energy consuming countries in the world, together with Greece, France, Australia and the Middle East are emerging markets with substantial potential in the future. These countries have offered or planned to offer substantial incentives in the form of direct subsidies for solar power system installations or rebates for electricity produced from solar power, leading to the fast development of the PV manufacturing industry. Increasing government supports for solar power use drive demand for solar power.

On the other hand, the economic downturn also created opportunities for us. Our customers realize the value in buying high-quality wafers from a reputable and well-established producer with the strength and stability to support their long-term development. It resulted in strong demand on our high-quality wafers even in the challenging environment in 2009.

Our shipment volume for the year ended 31 December 2009 was 81.6 MW which was approximately 84.2% higher than the sales volume of approximately 44.3 MW for the year ended 31 December 2008. Even during the first half of 2009 when the solar industry and global economy were severely threatened by the financial crisis, we still secured strong demand for our products. During the first half of 2009, we achieved approximately 41.8% growth in shipment volume of 25.8MW, as compared to 18.2MW in first half of 2008.

Our top 5 customers in 2009 represented approximately 58.0% of our total revenues comparing to approximately 66.1% in 2008. Our largest customers accounted for approximately 17.2% of our total revenues in 2009 while it represented approximately 21.6% in 2008. It was mainly due to our efforts to diversify the customer base. We believe product quality and cost advantage would be crucial in the upcoming era of solar energy.

We have been able to gradually increase the number of customers we served, as well as the geographic markets we reached during 2009. In addition to our strong customer base of solar cell and module manufacturers located in the PRC, we were able to expand our customer base to include leading solar cell and module manufacturers in other parts of the world. Our solar products are currently sold to the PRC, Taiwan, Germany, United States, Thailand, Singapore, Canada, India and other countries to diversify our customer base for the on-going and sustainable growth of our business.

During 2009, our sales to PRC based customers represented approximately 79.9% of our total revenue, comparing to approximately 86.6% in 2008. Our sales to overseas customers represented approximately 20.1% of our total revenue in 2009, as compared to approximately 13.4% in 2008. It was mainly due to our efforts to further develop our customer base in markets outside of China. Our strong track record on production quality, advanced proprietary technology and efforts on reducing production costs have contributed, and we believe will continue to contribute to sustaining a strong and sustainable demand for our products.

Our ability to manufacture high quality monocrystalline solar wafers in terms of industry metrics, including conversion efficiency, size and thickness of wafers, affords us many competitive advantages, including market differentiation and higher barriers to entry. Our origin as a manufacturer of semiconductor wafers and ingots since 1999 provides us with a strong technical background which we have been able to utilise to attain high quality standards in the production of monocrystalline solar wafers.

During 2009, we pioneered to commercially launch the large sized “Perfect Wafer” to market. “Perfect Wafers” refer to completely square wafers. Traditionally 156mm mono-crystalline solar wafers are in the shape of “pseudo-square” with the grinded round corners. The grinded round corners result in a smaller area from which solar cells and panels can capture sunlight. With our “Perfect Wafer”, cell and panel-makers can increase the active area and hence the amount of electricity generated. Neo Solar Power, one of our customers, has newly launched their “Perfect Cell” product using our “Perfect Wafer” which has demonstrated the ability to increase power density by more than 3% and achieve an average conversion efficiency of 17.8%.

We plan to devote substantial resources to research and development in order to enhance our manufacturing processes, reduce our production costs, and improve our product quality and performance. We believe these efforts, combined with the industry experience of our management team, will enable us to continue to improve production efficiencies and enhance product quality, which, we believe, will help enhance our reputation in product innovation within the solar market.

In order to meet the anticipated growth in demand for our solar products, we expanded our production capacity from approximately 55 MW to approximately 200 MW during 2009. We are now in the process of further expanding the production capacity beyond 200 MW. We will set up a new production plant in Hai'An Economic Development District of Jiangsu Province to accommodate the expanding capacity as disclosed in our announcement dated 25 January 2010. Under the favorable offers from equipment vendors and strong supports from Jiangsu local government, it is expected the original budget of RMB410.8 million not only allow us to achieve the annual production capacity of 504MW by the end of June 2010 as disclosed in the Company's prospectus dated 19 October 2009 but also enable us to further increase our annual production capacity to approximately 600MW in the third quarter of 2010 because of the savings in land and construction costs as a result from the strong support from the Jiangsu local government. We believe that it is important to keep pace with the general growth of the industry to be able to increase our market share and remain competitive. We believe that increased production scale will enable us to achieve greater economies of scale.

Since the industry-wide shortage of polysilicon has ended and is not expected to recur in the near future, we have continued to limit our long-term purchase commitments for polysilicon. As a result, a substantial amount of our total polysilicon requirement for 2009 was satisfied through spot or short-term supply contracts. We believe that our procurement strategy of pursuing a strategic mix of long-term and short-term supply sources for polysilicon allowed us to take advantage of lower market prices for polysilicon when polysilicon prices decreased dramatically in 2008 and 2009.

Our diversified procurement strategy also involves purchases from multiple suppliers to minimize disruptions to our operation in the event one supplier is unable to fulfill all of our order requirements on a timely basis, despite such suppliers may offer polysilicon at a more competitive unit price than that of other suppliers in the market. To ensure a successful implementation of this strategy, we will develop strategic alliances with key suppliers, continue to maintain existing relationships and expand our network of suppliers to include, among others, emerging suppliers who are able to provide us with high-quality polysilicon.

The past 12 months have not been easy. The prudent business strategy we have pursued in recent years, including a disciplined approach to capacity expansion, lock-up on polysilicon prices and supply, and the maintenance of a conservative capital structure, has rewarded us with a position in the market that is able to weather the economic storm and to capture future growth opportunities. We managed and mitigated the risks to our business which arose from the volatile and difficult economic environment in 2009. We were not only able to ride out the storm, but came out of it stronger than ever to capture the opportunities that the renewable energy sector will offer in the coming years.

Financial Review

Revenue

Revenue decreased by RMB255.2 million, or 33.5%, from RMB762.1 million for the year ended 31 December 2008 to RMB506.9 million for the year ended 31 December 2009, primarily as a result of a decrease in the average selling price of our solar products, partially offset by an increase in our sales volume. The decrease in the average selling price of our solar products was generally due to the significant fall in the market prices for solar products, which was triggered by the recent financial crisis and global economic downturn. The increase in our sales volume was generally due to the increase in customer demand for our monocrystalline solar products. The sales volume of our solar products increased by 84.2% from 44.3 MW for the year ended 31 December 2008 to 81.6 MW for the year ended 31 December 2009.

For the year ended 31 December 2009, sales of our 156 mm by 156 mm monocrystalline solar wafers comprised 46.3% of total revenues and sales of our 125 mm by 125 mm monocrystalline solar wafers comprised 45.7% of total revenues. For the year ended 31 December 2008, sales of our 156 mm by 156 mm monocrystalline solar wafers comprised 29.9% of total revenues and sales of our 125 mm by 125 mm monocrystalline solar wafers comprised 42.6% of total revenues. In aggregate, solar wafer sales for the year ended 31 December 2009 comprised 92.0% of our total sales, as compared to 72.5% for the year ended 31 December 2008. It was mainly due to our strategy to focus on sales of wafers, especially focusing on the sales of 156mm by 156mm monocrystalline wafers. Sales of solar ingots comprised 3.8% of our total sales for the year ended 31 December 2009, as compared to 22.7% for the year ended 31 December 2008. Sales of our semiconductor products comprised 1.9% of our total sales in the year ended 31 December 2009, compared to 4.2% in the year ended 31 December 2008.

Sales of 156 mm by 156 mm monocrystalline solar wafers

Revenue from sales of 156 mm by 156 mm monocrystalline solar wafers increased by RMB7.0 million, or 3.1%, from RMB227.7 million for the year ended 31 December 2008 to RMB234.7 million for the year ended 31 December 2009, primarily as a result of an increase of sales volume by 206.3% from 12.8 MW for the year ended 31 December 2008 to 39.2 MW for the year ended 31 December 2009, partially offset by a decrease in our average unit price for this product by 66.3% from RMB17.8 per watt for the year ended 31 December 2008 to RMB6.0 per watt for the year ended 31 December 2009.

Sales of 125 mm by 125 mm monocrystalline solar wafers

Revenue from sales of 125 mm by 125 mm monocrystalline solar wafers decreased by RMB92.7 million, or 28.6%, from RMB324.5 million for the year ended 31 December 2008 to RMB231.8 million for the year ended 31 December 2009, primarily as a result of a decrease in our average unit price for this product by 64.5% from RMB16.6 per watt for the year ended 31 December 2008 to RMB5.9 per watt for the year ended 31 December 2009, partially offset by an increase in our sales volume by 100% from 19.6 MW for the year ended 31 December 2008 to 39.2 MW for the year ended 31 December 2009.

Sales of solar ingots and semiconductor products and other revenues

Revenue from sales of solar ingots decreased by RMB154.0 million, or 88.9%, from RMB173.2 million for the year ended 31 December 2008 to RMB19.2 million for the year ended 31 December 2009, primarily due to a decrease in the average unit price of our solar ingots by 58.9% from RMB14.6 per Watt for the year ended 31 December 2008 to RMB6.0 per Watt for the year ended 31 December 2009, and a decrease in sales volume from 11.9 MW for the year ended 31 December 2008 to 3.2 MW for the year ended 31 December 2009. The sales volume of our solar ingots was higher in the year ended 31 December 2008 compared to that in the year ended 31 December 2009 because some of our major customers increased the purchase of solar ingots from us during a period of shortage of solar ingots in 2008. Revenues from sales of semiconductor products decreased by RMB22.7 million, or 70.3%, from RMB32.3 million for the year ended 31 December 2008 to RMB9.6 million for the year ended 31 December 2009, primarily due to a decrease in demand by our customers. Our other revenues increased by RMB7.2 million, or 163.6%, from RMB4.4 million for the year ended 31 December 2008 to RMB11.6 million for the year ended 31 December 2009, primarily due to an increase in our sale of materials such as monocrystalline silicon and recyclable silicon.

In relation to the analysis of our revenue by geographical market, approximately 79.9% of total revenue for the year ended 31 December 2009 was generated from our PRC-based customers (2008: 86.6%). Remaining portion was generated from oversea customers, mainly from Taiwan, Germany and Thailand. The more diversified scenario was mainly due to our efforts to further develop customer base in markets outside China.

Cost of sales

Cost of sales decreased by RMB79.0 million, or 14.9%, from RMB530.8 million for the year ended 31 December 2008 to RMB451.8 million for the year ended 31 December 2009, primarily as a result of the decrease in the prices of polysilicon and the improvement in our production efficiency during the period, partially offset by the increase in polysilicon costs incurred in the manufacturing of thicker wafers as required by many of our customers. The average prices of polysilicon we purchased during the year ended 31 December 2009 was RMB501.2 per kg, decreased 66.0% from the average prices of RMB1,474.2 per kg for the year ended 31 December 2008.

Gross profit

Gross profit decreased by RMB176.2 million, or 76.2%, from RMB231.3 million for the year ended 31 December 2008 to RMB55.1 million for the year ended 31 December 2009, primarily as a result of the above.

Other income

Other income decreased by RMB40.4 million, or 85.8%, from RMB47.1 million for the year ended 31 December 2008 to RMB6.7 million for the year ended 31 December 2009, primarily due to the decrease in our processing services fees income. Our processing services fees income decreased due to our business strategy to focus on the production and sale of our solar products.

Other expenses

Other expenses decreased by RMB76.9 million, or 95.8% from RMB80.3 million for the year ended 31 December 2008 to RMB3.4 million for the year ended 31 December 2009. Other expenses for the year ended 31 December 2009 were mainly legal and professional fees which were incurred for the listing of shares of the Company. Other expenses incurred for the year ended 31 December 2008 were non-recurring write-down on advance to a supplier and fair values of share options granted during the year then ended accelerated in the profit or loss due to cancellation in that year. Significant drop in legal and professional fees in current year was due to the fact that most of the related costs were incurred in 2008. All these factors resulted in a drop in other expenses in the current year.

Distribution and selling expenses

Distribution and selling expenses increased by RMB0.8 million, or 58.5% from RMB1.4 million for the year ended 31 December 2008 to RMB2.2 million for the year ended 31 December 2009, primarily due to the material increase of our sales volume to 81.6MW for the year ended 31 December 2009 from 44.3MW for the year ended 31 December 2008.

Administrative and general expenses

Despite the material increase in production capacity and operation scale, administrative and general expenses decreased by RMB5.7 million, or 23.9%, from RMB23.9 million for the year ended 31 December 2008 to RMB18.2 million for the year ended 31 December 2009, primarily as a result of our cost control measures to improve operating efficiency.

Interest expenses

Interest expenses in relation to bank loans increased by RMB0.4 million, or 5.9%, from RMB6.3 million for the year ended 31 December 2008 to RMB6.7 million for the year ended 31 December 2009, primarily as a result of an increase in the amount of bank loans borrowed, partially offset by a decrease in interest rates of these bank loans.

Profit before taxation

Profit before taxation decreased by RMB135.2 million, or 81.2%, from RMB166.6 million for the year ended 31 December 2008 to RMB31.3 million for the year ended 31 December 2009, as a result of the foregoing.

Taxation

Taxation decreased from RMB35.1 million for the year ended 31 December 2008 to RMB6.4 million for the year ended 31 December 2009, primarily as a result of the decrease in our profit before taxation. Our effective tax rate remained stable at 20.4% for the year ended 31 December 2009 compared to 21.1% for the year ended 31 December 2008.

Profit for the year

Net profit decreased by RMB106.5 million, or 81.0%, from RMB131.5 million for the year ended 31 December 2008 to RMB24.9 million for the year ended 31 December 2009, as a result of the foregoing. Net profit margin decreased from 17.3% for the year ended 31 December 2008 to 4.9% for the year ended 31 December 2009.

Inventory turnover days

The inventories of the Group mainly comprised raw materials (namely polysilicon, crucibles and other auxiliary materials), work-in-progress and finished goods. The increase in inventories was mainly due to the expansion in the production capacity of the Group and attractive offers from polysilicon suppliers by the end of 2009. Included in the balance of the inventories as at 31 December 2008 was a write-down of inventories of RMB43.4 million (2009: Nil). It was mainly due to the continuous fall in the prices of raw material and product selling prices caused by the global economic slowdown. The inventory turnover days as at 31 December 2009 totalled 88 days (2008: 23 days). Unless we get attractive offers from suppliers, the optimal inventory level should be around one to two months of our sales volume to meet the Group's production requirements.

Trade receivable turnover days

The trade receivable turnover days as at 31 December 2009 totaled 88 days (2008: 14 days). The increase in turnover days was mainly due to the change in general market environment and it was still within the credit periods of the Group grants to its customers. The Group normally grants a credit period of 30 to 90 days to its customers.

Trade payable turnover days

The trade payable turnover days as at 31 December 2009 totalled 62 days (2008: 16 days). Given the established relationship and the change in general market environment, suppliers allowed the Group to have a reasonable payment period throughout the year.

Liquidity and financial resources

The Group's principal sources of working capital included cash flow from operating activities, bank and other borrowings and the proceeds from the initial public offering. As at 31 December 2009, the Group's current ratio (current assets divided by current liabilities) was 2.2 (2008: 1.4) and it was in a net cash position. The Group's financial position remains healthy and it is well-positioned to overcome the possible adverse impacts from the global economic slowdown as well as to facilitate future development. As at 31 December 2009, the Group was in a net cash position of RMB253.2 million (2008: RMB25.1 million) which included cash and cash equivalent of RMB399.2 million (2008: RMB165.1 million) and short-term bank loans of RMB146.0 million (2008: RMB140.0 million). The Group's net debt to equity ratio (net debt divided by shareholders' equity) decreased from -4.5% as at 31 December 2008 to -23.9% as at 31 December 2009, the minus signs represented the net cash position at the respective year end dates.

Human resources

As at 31 December 2009, the Group had 741 (2008: 455) 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.

CODE ON CORPORATE GOVERNANCE PRACTICES (THE "CORPORATE GOVERNANCE CODE")

Good corporate governance is conducive to enhancing overall performance and accountability and is essential in modern corporate administration. The Directors of the Company continuously observe the principles of good corporate governance in the interests of shareholders and devotes considerable effort to identifying and formalizing best practice.

The Company has adopted the code provisions contained in the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The Company has complied with the Corporate Governance Code since the listing of the shares of the Company on the Main Board of the Stock Exchange on 30 October 2009 except for the deviation from code provision A.2.1, which stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual and the deviation from code provision C3.3(e)(i) as described below.

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

As the Company was listed on the Stock Exchange on 30 October 2009, no audit committee meeting of the Company has been held during the financial year ended 31 December 2009, and deviated from code provision C3.3(e)(i) of the Corporate Governance Code. The first audit committee meeting of the Company was held on 1 March 2010, which was after the year under review. Going onward, the Company will convene audit committee meeting at least once a year in compliance with code provision C3.3(e)(i) of the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has also adopted the Model Code For Securities Transactions By Directors Of Listed Issuers 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 from the Listing Date to 31 December 2009.

AUDIT COMMITTEE

The Company established an audit committee pursuant to a resolution of the Directors passed on 2 October 2009 in compliance with Rule 3.21 of the Listing Rules. The primary duties of the audit committee are mainly to make recommendation to the Board on the appointment and removal of external auditor, review the financial statements and material advice in respect of financial reporting, and oversee the internal control procedures of the Company. The audit committee consists of three members, namely, Mr. Leung Ming Shu, Mr. Daniel DeWitt Martin and Mr. Kang Sun, all of whom are independent non-executive Directors. Mr. Leung Ming Shu is the chairman of the audit committee. The first meeting of the Audit Committee was held on 1 March 2010.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2009 and considers that the Group has complied with all applicable accounting standards and requirements and made adequate disclosure.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 2 October 2009 with written terms of reference. The primary duties of the remuneration committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Company, review performance based remuneration, and ensure none of the Directors determine their own remuneration. The remuneration committee consists of three members, namely, Mr. John Zhang, Mr. Kang Sun and Mr. Leung Ming Shu. Mr. John Zhang is the chairman of the remuneration committee.

NOMINATION COMMITTEE

The Company established a nomination committee on 2 October 2009 with written terms of reference. The primary functions of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board. The nomination committee consists of three members, namely, Mr. John Zhang, Mr. Daniel DeWitt Martin and Mr. Kang Sun. Mr. John Zhang is the chairman of the nomination committee.

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

The shares of the Company have been listed on the Hong Kong Stock Exchange since 30 October 2009. During the year ended 31 December 2009, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 maintain the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules for the period from the listing date to 31 December 2009.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (http://www.comtecsolar.com). The annual report for the year ended 31 December 2009 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

DIVIDENDS

The Board now recommends a final dividend of HK0.83 cents (equivalent to RMB0.73 cents) per share for the year ended 31 December 2009, representing a total payout of RMB7.532 million, subject to approval by the shareholders of the Company at the annual general meeting to be held on 21 May 2010. The total dividends for the year ended 31 December 2009, which include the interim, final and special dividends, represented approximately 30% of the profit for the year. The Company may consider the dividend policy in the future according to the actual performance of the Company such as financial results, the general industry and the economic environment.

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2009 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members of the Company will be closed from Tuesday, 18 May 2010 to Friday, 21 May 2010, both days inclusive, for the purpose of determining shareholders' entitlements to the proposed final dividend and special dividend. In order to qualify for the final dividend (if any) and the special dividend (if any) and the right to attend and vote at the forthcoming annual general meeting of the Company to be held on 21 May 2010, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712—1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 17 May 2010.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held in Hong Kong on Friday, 21 May 2010. Notice of the annual general meeting will be issued and disseminated to shareholders in due course.

APPRECIATION

I would like to take this opportunity to express my thanks and gratitude to the Group's management and staff who dedicated their endless efforts and devoted services, and to our shareholders, suppliers, customers and bankers for their continuous support.

DEFINITIONS

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

"Board"	the board of directors of the Company
"Company"	Comtec Solar Systems Group Limited, a company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"Prospectus"	prospectus of the Company dated 19 October 2009
"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)"	the shareholder(s) of the Company

"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"%"	per cent.

* *denotes English translation of the name of a Chinese company or entity or vice versa and is provided for identification purposes only.*

By order of the board of
Comtec Solar Systems Group Limited
John Zhang
Chairman

Shanghai, the People's Republic of China, 29 March 2010

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. Chun Shing Vincent PHEN; and the independent non-executive Directors are Mr. Daniel DeWitt MARTIN, Mr. Kang SUN and Mr. LEUNG Ming Shu.