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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 2015

HIGHLIGHTS

- Revenue for the year was approximately RMB1,091.2 million, representing a year-on-year increase of 20.4% from approximately RMB906.6 million for the year ended 31 December 2014;
- Gross loss for the year was approximately RMB94.4 million for the year ended 31 December 2015, comparing to gross profits of approximately RMB60.0 million for the year ended 31 December 2014. The gross losses were mainly due to the write-down of inventory and decrease of average selling price;
- Gross loss margin for the year was approximately 8.7%, decreased from the gross profit margin of 6.6% for the year ended 31 December 2014;
- Net loss for the year was approximately RMB434.7 million, increased from the net loss of RMB90.5 million for the year ended 31 December 2014. The loss was mainly due to write-down of inventory, the impairment on advance to suppliers, the stock compensation expenses and the losses from disposal of certain fixed assets etc;
- Net loss margin for the year was approximately 39.8%, increased from 10.0% for the year ended 31 December 2014;
- Our loss per share for the year was RMB31.23 cents, increased from the loss per share of RMB6.58 cents for the year ended 31 December 2014;
- Total ingot and wafer shipments for the year was approximately 426.8 MW, increased by 14.5% from 372.7 MW in 2014;
- Achieved net cash inflow from operating activities of approximately RMB82.4 million and maintained cash and restricted cash balances of approximately RMB220.8 million.

CHAIRMAN'S STATEMENT

Dear Shareholders,

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 2015. Here are some financial and business highlights for the year:

- Revenue for the year was approximately RMB1,091.2 million, representing a year-on-year increase of 20.4% from approximately RMB906.6 million for the year ended 31 December 2014;
- Gross loss for the year was approximately RMB94.4 million for the year ended 31 December 2015, comparing to gross profits of approximately RMB60.0 million for the year ended 31 December 2014. The gross losses were mainly due to the write-down of inventory and decrease of average selling price;
- Gross loss margin for the year was approximately 8.7%, decreased from the gross profit margin of 6.6% for the year ended 31 December 2014;
- Net loss for the year was approximately RMB434.7 million, increased from the net loss of RMB90.5 million for the year ended 31 December 2014. The loss was mainly due to write-down of inventory, the impairment on advance to suppliers, the stock compensation expenses and the losses from disposal of certain fixed assets etc;
- Net loss margin for the year was approximately 39.8%, increased from 10.0% for the year ended 31 December 2014;
- Our loss per share for the year was RMB31.23 cents, increased from the loss per share of RMB6.58 cents for the year ended 31 December 2014;
- Total ingot and wafer shipments for the year was approximately 426.8 MW, increased by 14.5% from 372.7 MW in 2014;
- Achieved net cash inflow from operating activities of approximately RMB82.4 million and maintained cash and restricted cash balances of approximately RMB220.8 million.

On 11 January 2016, the Company entered into a subscription agreement with Guolian Financial and Mr. Li Wanbin (the “**Subscribers**”), pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for a total 928,138,250 shares of the Company at a gross subscription price of HK\$0.66 per Share (the “**Subscription**”). The subscription price for the subscription represented a discount of 20.48% to the closing price of HK\$0.83 per Share as stated in the Stock Exchange’s daily quotations sheet on 8 January 2016. The Subscription was approved by the shareholders of the Company in the extraordinary general meeting of the Company on 26 February 2016. The net proceeds from the Subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$611.1 million, representing a net subscription price of approximately HK\$0.66 per Share. Further details of these transactions are set out in the Company’s announcement dated 11 January 2016. The Company intends to use the net proceeds for expanding into downstream solar power business and explore opportunities to integrate with existing upstream solar business of the Group. We believe the transaction represents a valuable opportunity for the Company to bring in renowned investors with strong financial resources and backgrounds and wide business networks, which in turn would bring strategic values to the Company.

Guolian Financial is the joint venture between Guolian Group, China First Capital and Xin Zhong Xin. Guolian Group is principally engaged in the investment holding of wide range of investments in the financial sector, including but not limited to, banks, securities firms, insurance, trust and funds. Guolian Group was named as “Top 500 Service Enterprises in China in 2014 and as of 31 December 2015, Guolian Group managed assets of over RMB400 billion. Guolian Group also possess strong expertise and experience in investing in green energy businesses and has a strong track record in this regard, including investment in Wuxi Guolian Environmental Science & Technology Co., Ltd., whose shares are traded on the National Equities Exchange and Quotations, and Wuxi Huaguang Boiler Co., Ltd., whose shares are listed on the Shanghai Stock Exchange. China First Capital and Mr. Li are well experienced in financial sectors and energy sectors respectively.

The Board believes that by leveraging on the investors’ strong expertise, experience and business network in the financial and energy sectors, the Company will be well-equipped to continue to grow and expand its business. In particular, the Board believes the investors could contribute their strong experiences and business networks to enable the Company to identify potential project opportunities. Furthermore, the investors could contribute their expertise and business networks to exploring financial institutions for project financing and negotiating with financial institutions for obtaining financing terms which would be more suited to the needs of the Company in downstream solar projects. More importantly, their profound experiences in the financial and energy sectors would be of value to the Company in formulating the strategies of the Company to expand into the downstream solar business. The Company plans to invest for approximately 200MW downstream solar projects, mainly distributed generation projects, within 2016. Depending on and subject to the market conditions and opportunities, the Company contemplates the investment to be either in the form of green field self-developed projects and/or by way of acquisitions of downstream projects. We believe the expansion to downstream business would be earning accretive to the Group and enable us to steadily improve the operating results.

We are also in the process to ramp up production facilities of approximately 300MW in Malaysia which would enable the Group to lower production costs and to expand our scale of operation. The cost of electricity, average salaries per workers and the tax incentive policies in Malaysia are very competitive and would enable us to materially reduce the cost of production. To further enhance the competitiveness of the Company, we would continue to increase our production capacities in Malaysia. The strategy to expand production capacities in Malaysia not only enables us to lower our production cost and to increase production capacity, but also help our customers to mitigate their 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. The production in Malaysia facilities have commenced and substantial amount of the production capacities in Malaysia are expected to be up and running within second quarter of 2016. The completion of ramp up was delayed mainly due to slower than expected progress on training of new staffs in Malaysia. The Group has already relocated certain of its experienced staff to Malaysia to speed up the training and ramp up process.

In addition to the strategy of the Group to expand production capacities in low costs 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. In early 2016, the Group has reached into agreements with the two major suppliers, of which one has unconditionally agreed to waive the terms 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. 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 in the coming few quarters after achieving the full operation 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.

With the continuous cost reduction and improvement of conversion efficiency, our customers increasingly realize the benefits of buying high efficient “Super Mono Wafers” to assist them to reduce the overall system costs and to maximize their investment returns. It would continuously strengthen the demand on our high efficient solar products. Based on the feedback from our major customer, the conversion efficiency of solar cell with our “Super Mono Wafers” reached approximately 25%. The thickness of such wafers is now reduced to approximately 140 micron.

During 2015, we completed qualification process with a new Japan-based customer for the sale of our high quality “Super Mono” products and pilot shipments commenced during the second quarter of 2015. Also, our massive shipment to Mission Solar Energy LLC (“Mission Solar”) pursuant to the long term sales agreement signed in December 2013 continued during the year. In order to further strengthen our long term strategic relations and to ensure both companies can be more flexible to adapt to the fast changing industry environment, we signed an amendment agreement in early 2016 to waive the take or pay terms of the long term agreement. Credit to our proven abilities to manufacture more advanced and efficient products and our successful track record to complete qualification process with global leading solar cell manufacturers, we established strong reputations and marketing channels to attract increasing number of new customers and demands for our products of premium quality and reliability. We are in the process of obtaining qualification with two sizable and reputable customers that are both headquartered in the United States as well as certain potential customers located in Japan, Korea and Taiwan. Also, we note that there has been an increasing number of PRC-based solar cell manufacturing companies which are committed to developing their N-type solar cell products and 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 year, there were further decreases in module and total system costs, which drove the growth of global demand. Also, 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, U.S.A. and Japan 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 on 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 on research and development (“R&D”) and to 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 intends to explore opportunities with the expansion into downstream solar business to integrate with our existing upstream solar business.

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

John Zhang
Chairman

Shanghai, 31 March 2016

ANNUAL RESULTS

The Board of Comtec Solar Systems Group Limited is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2015, together with the comparative figures for the corresponding year in 2014. These results have been reviewed by the Company's audit committee, comprising all the independent non-executive Directors, one of whom chairs the audit committee and a non-executive Director.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	2015 RMB'000	2014 RMB'000
Revenue	3	1,091,200	906,620
Cost of sales		(1,185,615)	(846,594)
Gross (loss) profit		(94,415)	60,026
Other income		9,508	8,358
Other gains and losses, expenses and provision	4	(200,334)	(63,612)
Distribution and selling expenses		(20,199)	(15,882)
Administrative expenses		(114,893)	(67,301)
Finance costs		(14,762)	(11,910)
Loss before taxation	5	(435,095)	(90,321)
Taxation	6	381	(170)
Loss and total comprehensive expense for the year, attributable to the owners of the Company		(434,714)	(90,491)
		RMB cents	RMB cents
Loss per share	7		
— Basic		(31.23)	(6.58)
— Diluted		(31.23)	(6.58)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	<i>NOTES</i>	2015 RMB'000	2014 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		1,018,072	1,071,163
Prepaid lease payments-non-current		26,179	27,175
Prepaid assignment fee-non-current	12	–	145,225
Deposits paid for acquisition of property, plant and equipment		31,370	37,004
Advance to suppliers	11	108,256	71,449
Deferred tax assets		–	638
		1,183,877	1,352,654
Current assets			
Inventories	8	263,645	537,815
Trade and other receivables	9	251,832	231,565
Bills receivable	9	6,971	15,964
Advance to suppliers		2,920	48,926
Prepaid lease payments-current		600	600
Prepaid assignment fee-current	12	175,546	52,067
Pledged bank deposits		171,084	171,188
Bank balances and cash		49,715	52,123
		922,313	1,110,248
Assets classified as held for sale		19,129	21,776
		941,442	1,132,024
Current liabilities			
Trade and other payables	10	286,048	207,281
Customers' deposits received		178,676	57,285
Short-term bank loans		509,793	524,113
Tax liabilities		400	275
Deferred revenue		287	287
		975,204	789,241
Liabilities associated with assets classified as held for sale		–	11
		975,204	789,252
Net current (liabilities) assets		(33,762)	342,772
Total assets less current liabilities		1,150,115	1,695,426

	<i>NOTE</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Capital and reserves			
Share capital		1,205	1,205
Reserves		1,135,707	1,513,310
Total equity		1,136,912	1,514,515
Non-current liabilities			
Deferred tax liabilities		8,620	9,568
Customers' deposits received-non-current	12	–	145,225
Long-term bank loans		–	3,072
Provision for onerous contracts		–	7,576
Warrants		–	10,600
Deferred revenue		4,583	4,870
		13,203	180,911
		1,150,115	1,695,426

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 (“Fonty”) incorporated in the British Virgin Islands with limited liability. Its ultimate controlling party is Mr. John Zhang (“Mr. Zhang”) who is the Chief Executive and director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the annual report.

The Company is an investment holding company. The principal activities of the Company’s subsidiaries are the manufacturing and sales of solar wafers and related products and provision of processing services for the solar products.

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments ¹
IFRS 14	Regulatory Deferral Accounts ²
IFRS 15	Revenue from Contracts with Customers ¹
IFRS 16	Leases ³
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁴
Amendments to IAS 1	Disclosure Initiative ⁴
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁴
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle ⁴
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants ⁴
Amendments to IAS 27	Equity Method in Separate Financial Statements ⁴
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception ⁴
Amendments to IAS 7	Disclosure Initiative ⁶
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ⁶

¹ Effective for annual periods beginning on or after 1 January 2018

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

³ Effective for annual periods beginning on or after 1 January 2019

⁴ Effective for annual periods beginning on or after 1 January 2016

⁵ Effective for annual periods beginning on or after a date to be determined

⁶ Effective for annual periods beginning on or after 1 January 2017

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company (the "Directors") anticipate that the adoption of IFRS 9 will have a material effect on the Group's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Directors are in the process of evaluating the financial impact on IFRS 15, which may have an impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 *Presentation of Financial Statements* give some guidance on how to apply the concept of materiality in practice.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to IAS 1 will have a material impact on the amounts recognised in the Group’s consolidated financial statements.

Annual Improvements to IFRSs 2012–2014 Cycle

The Annual Improvements to IFRSs 2012–2014 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The Directors do not anticipate that the application of these amendments will have a material effect on the amounts recognised in the Group's consolidated financial statements.

3. SEGMENT INFORMATION

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

Entity-wide disclosures

Revenue analysis

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

	2015 RMB'000	2014 RMB'000
<u>Manufacturing and sales of solar products:</u>		
Monocrystalline solar wafers	620,990	583,961
Monocrystalline solar ingots	3,631	5,959
	624,621	589,920
Trading of solar products:		
Monocrystalline solar silicon	459,788	305,021
Others	224	4,356
	460,012	309,377
<u>Provision of processing services:</u>		
Processing service for solar products	6,567	7,323
Total revenue	1,091,200	906,620

Revenue reported above represents revenue generated from external customers.

Revenue and assets analysed by place of domicile of group entities

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<u>Place of domicile of group entities:</u>		
PRC including Hongkong SAR	418,088	318,812
<u>Other countries/places:</u>		
Philippines and Malaysia	433,656	441,383
Japan	25,368	64,569
USA	137,884	46,859
Korea	10,880	24,880
Singapore	9,294	—
Other countries (<i>note</i>)	56,030	10,117
Total revenue	1,091,200	906,620

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

Information about major customers

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Customer A	433,657	441,383
Customer B	137,357	39,045
	571,014	480,428

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, advance to suppliers, prepaid assignment fee and deferred tax assets are located in the Group entities' countries of domicile at the end of each reporting period. The following table sets forth details:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
PRC including Hongkong SAR	647,450	1,020,217
Malaysia	536,427	332,437
	1,183,877	1,352,654

4. OTHER GAINS AND LOSSES, EXPENSES AND PROVISION

	2015 RMB'000	2014 RMB'000
Net foreign exchange losses	(21,759)	(6,039)
Settlement of other financial instruments	–	(2,126)
Loss on disposal of property, plant and equipment	(35,617)	(733)
Gain on fair value changes of 2012 Warrants	10,600	35,100
Gain on fair value changes of other financial instruments	–	500
Impairment losses reversed (recognised) in respect of prepaid assignment fee (<i>note 12</i>)	5,190	(5,190)
Impairment losses recognised in respect of advance to suppliers (<i>note 11</i>)	(152,758)	(82,929)
Other losses	(5,990)	(2,195)
	<u>(200,334)</u>	<u>(63,612)</u>

5. LOSS BEFORE TAXATION

	2015 RMB'000	2014 RMB'000
Loss before taxation has been arrived at after charging:		
Directors' remuneration (<i>note (i)</i>)	4,554	9,066
Other staff costs (<i>note (i)</i>)	55,231	51,929
Other staff's retirement benefits scheme contributions	8,407	7,410
Share-based payments expense for other staff and consultants (<i>note (i)</i>)	56,058	12,127
	<u>124,250</u>	<u>80,532</u>
Total staff costs		
	<u>1,800</u>	<u>1,800</u>
Auditor's remuneration		
	<u>1,185,615</u>	<u>846,594</u>
Cost of inventories recognised as expense (<i>note (ii)</i>)		
Depreciation of property, plant and equipment	74,178	79,862
Release of prepaid lease payments	996	925
Research and development expenses	7,157	7,163
Operating lease rentals in respect of rented premises	1,513	1,936

Notes

- i: During the year ended 31 December 2015, share-based payments expenses included in directors' remuneration, other staff costs and expenses to consultants which was recognised in administrative expenses in respect of share options of the Company recognised were approximately RMB57,087,000 (2014: RMB17,670,000).
- ii. Included in cost of inventories recognised as expense represented write-down of inventories of approximately RMB112,667,000 (2014: RMB11,178,000) to their net realisable values.

6. TAXATION

	2015 RMB'000	2014 RMB'000
Current tax:		
PRC Enterprise Income Tax		
— Current year	—	752
— Overprovision in prior years	<u>(71)</u>	<u>(582)</u>
	(71)	170
Deferred tax charge:		
— Current year	<u>(310)</u>	<u>—</u>
	(381)	170

No Hong Kong Profits Tax was provided for the year ended 31 December 2015 and 31 December 2014 as the group entities either had no relevant assessable profits or incurred tax losses in Hong Kong.

PRC income tax is calculated at the applicable tax rates in accordance with the relevant laws and regulations in the PRC. 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%.

During the year ended 31 December 2015 and 31 December 2014, the applicable tax rate of Shanghai Comtec Solar Technology Co., Ltd. ("Comtec Solar") was 15% as it was qualified as a New High-Tech enterprise for the period of five years from 1 January 2014 to 31 December 2018.

Upon the EIT Law, dividends paid out of the net profits derived by the Company's PRC operating subsidiaries to non-PRC residents shareholders for financial years since 1 January 2008 are subject to applicable PRC withholding tax in a rate of 10% or lower rates as provided in tax treaties in accordance with relevant tax laws in the PRC. Withholding tax has been provided for based on the anticipated dividends to be distributed by the PRC entities to non-PRC resident shareholders with relevant withholding tax rate of 10%.

The deferred tax balance has already reflected the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

The taxation for the year is reconciled to loss before taxation as follows:

	2015 RMB'000	2014 RMB'000
Loss before taxation	<u>(435,095)</u>	<u>(90,321)</u>
Tax at domestic income tax rate (25%)	(108,774)	(22,580)
Tax effect of expenses not deductible for tax purpose	12,617	5,942
Tax effect of income not taxable for tax purpose	(3,587)	(14,733)
Tax effect of temporary difference not recognised	100,668	34,252
Utilisation of temporary difference previously not recognised	(286)	(1,282)
Effect of tax exemptions granted to a PRC subsidiary	—	(847)
Overprovision in prior years	(71)	(582)
Overprovision on withholding tax on undistributed dividends	<u>(948)</u>	<u>—</u>
Taxation for the year	(381)	170

7. 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:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic loss per share	<u>(434,714)</u>	<u>(90,491)</u>

Number of shares

Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,391,849,832</u>	<u>1,374,285,091</u>
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The Company's outstanding 2012 Warrants did not have a dilutive effect on the Company's loss per share for years ended 31 December 2015 and 31 December 2014 since their potential conversion to ordinary shares would decrease loss per share.

The outstanding share options of the Company have not been included in the computation of diluted loss per share as they are anti-diluted to the net loss for the year ended 31 December 2015 and 31 December 2014.

8. INVENTORIES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Raw materials	127,061	266,833
Work-in-progress	46,311	127,399
Finished goods	<u>90,273</u>	<u>143,583</u>
	<u>263,645</u>	<u>537,815</u>

9. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLE

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade receivables	183,894	144,041
Less: allowance for doubtful debts	<u>(4,260)</u>	<u>(2,744)</u>
	179,634	141,297
Utility deposits	2,988	3,320
Value-added-tax recoverable	49,091	53,259
Other receivables and prepayments	<u>20,119</u>	<u>33,689</u>
	<u>251,832</u>	<u>231,565</u>
Bills receivable	<u>6,971</u>	<u>15,964</u>

The Group requested prepayment from customers before delivery of goods and allows a credit period of 7 to 180 days on case-by-case basis. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2015 RMB'000	2014 RMB'000
Age		
0 to 30 days	41,402	55,748
31 to 60 days	40,043	55,604
61 to 90 days	29,849	26,015
91 to 180 days	54,294	2,827
Over 180 days	14,046	1,103
	<u>179,634</u>	<u>141,297</u>

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately RMB14,046,000 (2014: RMB1,103,000) which are past due as at the reporting date for which the Group has not provided for impairment losses. The Directors, after considering the trade relationship, credit status and past settlement history of these individual trade debtors, had concluded that these outstanding balances would be recovered. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

	2015 RMB'000	2014 RMB'000
Overdue by:		
61 to 90 days	6,400	–
91 to 180 days	7,543	–
Over 180 days	103	1,103
	<u>14,046</u>	<u>1,103</u>
Average age (days)	<u>97</u>	<u>672</u>

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

	2015 RMB'000	2014 RMB'000
Age		
0 to 30 days	5,800	10,604
31 to 60 days	871	2,710
61 to 90 days	–	2,500
91 to 180 days	300	150
	<u>6,971</u>	<u>15,964</u>

No interest is charged on the trade receivables and bills receivable. The Group has provided fully for all receivables over 365 days as historical experience indicates that such amount may not be recoverable. Trade receivables and bills receivable aged between 30 and 365 days are provided for based on estimated irrecoverable amounts from the sales of goods, determined by reference to subsequent settlement, past default experience and objective evidences of impairment.

Movement in the allowance for trade receivables:

	<i>RMB'000</i>
Balance at 1 January 2014 and 31 December 2014	2,744
Impairment losses recognised in profit or loss	<u>1,516</u>
Balance at 31 December 2015	<u>4,260</u>

Movement in the allowance for other receivables and value-added taxes recoverable:

	<i>RMB'000</i>
Balance at 1 January 2014	19,260
Impairment losses recognised in profit or loss	<u>—</u>
Balance at 31 December 2014 and 31 December 2015	<u>19,260</u>

The Group did not hold any collateral over the above balances at the end of each reporting period.

The Group's trade and other receivables and bills receivable that were denominated in USD and JPY, foreign currencies of the relevant group entities, were re-translated in RMB and stated for financial reporting purposes as:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade and other receivables denominated in USD	175,259	127,846
Trade and other receivables denominated in JPY	<u>227</u>	<u>2,511</u>

10. TRADE AND OTHER PAYABLES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade payables	202,450	124,591
Payables for acquisition of property, plant and equipment	52,720	60,222
Other payables and accrued charges	<u>30,878</u>	<u>22,468</u>
	<u>286,048</u>	<u>207,281</u>

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

	2015 RMB'000	2014 <i>RMB'000</i>
Age		
0 to 30 days	47,758	51,987
31 to 60 days	21,952	19,275
61 to 90 days	16,119	3,820
91 to 180 days	34,667	4,422
Over 180 days	81,954	45,087
	202,450	124,591

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

The Group's trade and other payables that were denominated in MYR, USD, and JPY the foreign currencies of the relevant group entities, were re-translated in RMB and stated for reporting purposes as:

	2015 RMB'000	2014 <i>RMB'000</i>
Trade and other payables denominated in:		
MYR	217	49,735
USD	164,806	86,726
JPY	4,486	275

11. 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 terms 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 <i>RMB'000</i>	Provision for onerous contracts <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2014	133,930	39,107	173,037
Utilise*	(73,869)	–	(73,869)
Transfer	31,531	(31,531)	–
Provision	<u>82,929</u>	<u>–</u>	<u>82,929</u>
At 31 December 2014	174,521	7,576	182,097
Utilise*	(239,165)	–	(239,165)
Transfer	7,576	(7,576)	–
Provision	<u>152,758</u>	<u>–</u>	<u>152,758</u>
At 31 December 2015	<u>95,690</u>	<u>–</u>	<u>95,690</u>

* 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:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Gross amounts	206,866	294,896
Provision	<u>(95,690)</u>	<u>(174,521)</u>
	111,176	120,375
Less: Amounts recoverable within one year shown under current assets	<u>(2,920)</u>	<u>(48,926)</u>
Amounts shown under non-current assets	<u>108,256</u>	<u>71,449</u>

12. MAJOR CONTRACTS

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 31 December 2015.

Carrying amounts of deposits received from Mission:

	2015 RMB’000	2014 RMB’000
Within one year	175,546	57,257
One to two years	–	78,736
More than two years, but not exceeding five years	–	66,489
	175,546	202,482
Less: Amounts due within one year shown	(175,546)	(57,257)
Amounts shown under non-current liabilities	–	145,225

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 31 December 2015 and 31 December 2014, 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. The remaining balance is classified as non-current asset in the consolidated statement of financial position.

Carrying amounts of prepaid assignment fee:

	2015 RMB'000	2014 RMB'000
Current portion	175,546	52,067
Non-current portion	<u>–</u>	<u>145,225</u>
	<u>175,546</u>	<u>197,292</u>

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 11.

The Group recognised impairment losses in respect of prepaid assignment fee of nil during the year ended 31 December 2015 (2014: RMB5,190,000).

Movement in the allowance for prepaid assignment fee:

	<i>RMB'000</i>
Balance at 1 January 2014	–
Provision	<u>5,190</u>
Balance at 31 December 2014	5,190
Reversal	<u>(5,190)</u>
Balance at 31 December 2015	<u>–</u>

13. SUBSEQUENT EVENT

On 11 January 2016, the Company entered into a subscription agreement with two independent third parties (the “Subscribers”), pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for a total 928,138,250 shares of the Company at a price of HK\$0.66 per share (the “Subscription”). The Subscription was approved by the shareholders of the Company in an extraordinary general meeting of the Company dated 26 February 2016. The net proceeds from the Subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$611.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year, there were further decreases in module and total system costs, which drove the growth of global demand. Also, 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, U.S.A. and Japan 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 on distributed generation projects from various emerging markets. We expect that it will increase the demand for high efficiency monocrystalline products and will benefit our Group.

Our customers increasingly realize the benefits of buying high efficient “Super Mono Wafers” to assist them to reduce the overall system costs and to maximize their investment returns. Credit to our proven abilities to manufacture more advanced and efficient products and our successful track record to complete qualification process with global leading solar cell manufacturers, we established strong reputations and marketing channels to attract increasing number of new customers and demands for our products of premium quality and reliability.

During 2015, business with our largest customer for Super Mono wafers continued to grow. We also completed qualification process with a new Japan-based customer for the sale of our high quality “Super Mono” products and pilot shipments commenced during the second quarter of 2015. In additions, our massive shipment to Mission Solar Energy LLC (“Mission Solar”) pursuant to the long term sales agreement signed in December 2013 continued during the year ended 31 December 2015. In order to further strengthen our long term strategic relations with Mission Solar and to ensure both companies can be more flexible to adapt to the fast changing industry environment, we signed an amendment agreement in early 2016 to waive the “take-or-pay” terms of the long term agreement. We expect our business would continue to grow in coming years. We are also currently in the process of obtaining qualification with two sizable and reputable customers that are both headquartered in the United States as well as certain potential customers located in Japan, Korea and Taiwan. Also, we note that there has been an increasing number of PRC-based solar cell manufacturing companies which are committed to developing their N-type solar cell products and were able to raise money from the capital market in China to fund their expansion. We expect there will be increasing demands on the premium Super Mono Wafers from increasing number of customers. We would continue to expand our customer bases to drive the further growth of our business.

Revenues from our top five customers in 2015 represented approximately 63.2% of our total revenues, compared to approximately 70.4% in the last year. The sales to our largest customer in Philippines and Malaysia with the high quality “Super Mono Wafers” accounted for approximately 39.7% of our total revenues in 2015 as compared to approximately 48.7% in 2014. The remaining of our sales in 2015 was mainly shipped to PRC (including Hong Kong), Japan, U.S.A. and Korea.

In additions, we continued to execute our cost reduction strategy during the year. We continued to focus on cost saving from our improvements in technology, manufacturing process and conversion efficiency of our wafers. Based on the feedback from our major customer, the conversion efficiency of solar cell with our “Super Mono Wafers” reached approximately 25%. The thickness of “Super Mono Wafers” was reduced to approximately 140 micron. Our target is to reduce the thickness to below 120 micron. The accumulated experiences from massive production of “Super Mono Wafers” as well as our strategic research and development cooperation with existing customers would help to drive down our production costs by technology advancements. After our 300MW facilities in Malaysia are fully up and running, we expect our production cost would be further reduced. We would leverage our advantages in wafer technology to reduce cost without compromising quality and to generate higher value for our customers.

We are in the process to ramp up production facilities of approximately 300MW in Malaysia which would enable the Group to lower production costs and to expand our scale of operation. The cost of electricity, average salaries per workers and the tax incentive policies in Malaysia are very competitive and would enable us to materially reduce the cost of production. To further enhance the competitiveness of the Company, we would continue to increase our production capacities in Malaysia. The strategy to expand production capacities in Malaysia not only enables us to lower our production cost and increase production capacity, but also help our customers to mitigate their 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. The production in Malaysia facilities have commenced and substantial amount of the production capacities in Malaysia are expected to be up and running within second quarter of 2016. The completion of ramp up was delayed mainly due to slower than expected progress on training of new staffs in Malaysia. The group has relocated certain of well experienced staff to Malaysia to speed up the training and ramp up process.

In addition to the strategy of the Group to expand production capacities in low costs 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. In early 2016, the Group has reached into agreements with the two major suppliers, of which one of has agreed to waive the terms relating to minimum annual quantity and pre-determined price terms and the other 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.

We have a strong foundation of advanced technological capabilities, high quality product offerings, premium customer bases. We would further strengthen our competitive advantages through continuous technology advancements and cost reduction. We would further expand our production capacities in Malaysia to lower our production costs and to expand our scale of operation.

On 11 January 2016, the Company entered into a subscription agreement with Guolian Financial and Mr. Li Wanbin (the “**Subscribers**”), pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for a total 928,138,250 shares of the Company at a gross subscription price of HK\$0.66 per Share (the “**Subscription**”). The subscription price for the subscription represented a discount of 20.48% to the closing price of HK\$0.83 per Share as stated in the Stock Exchange’s daily quotations sheet on 8 January 2016. The Subscription was approved by the shareholders of the Company in the extraordinary general meeting of the Company on 26 February 2016. The net proceeds from the Subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$611.1 million, representing a net subscription price of approximately HK\$0.66 per Share. Further details of these transactions are set out in the Company’s announcement dated 11 January 2016. The Company intends to use the net proceeds for expanding into downstream solar power business and explore opportunities to integrate with existing upstream solar business of the Group. We believe the transaction represents a valuable opportunity for the Company to bring in renowned investors with strong financial resources and backgrounds and wide business networks, which in turn would bring strategic values to the Company.

Guolian Financial is the joint venture between Guolian Group, China First Capital and Xin Zhong Xin. Guolian Group is principally engaged in the investment holding of wide range of investments in the financial sector, including but not limited to, banks, securities firms, insurance, trust and funds. Guolian Group was named as “Top 500 Service Enterprises in China in 2014 and as of 31 December 2015, Guolian Group managed assets of over RMB400 billion. Guolian Group also possess strong expertise and experience in investing in green energy businesses and has a strong track record in this regard, including investment in Wuxi Guolian Environmental Science & Technology Co., Ltd., whose shares are traded on the National Equities Exchange and Quotations, and Wuxi Huaguang Boiler Co., Ltd., whose shares are listed on the Shanghai Stock Exchange. China First Capital and Mr. Li are well experienced in financial sectors and energy sectors respectively.

The Board believes that by leveraging on the investors' strong expertise, experience and business network in the financial and energy sectors, the Company will be well-equipped to continue to grow and expand its business. In particular, the Board believes the investors could contribute their strong experiences and business networks to enable the Company to identify potential project opportunities. Furthermore, the investors could contribute their expertise and business networks to exploring financial institutions for project financing and negotiating with financial institutions for obtaining financing terms which would be more suited to the needs of the Company in downstream solar projects. More importantly, their profound experiences in the financial and energy sectors would be of value to the Company in formulating the strategies of the Company to expand into the downstream solar business. The Company plans to invest for approximately 200MW downstream solar projects, mainly distributed generation projects, within 2016. Depending on and subject to the market conditions and opportunities, the Company contemplates the investment to be either in the form of green field self-developed projects and/or by way of acquisitions of downstream projects. We believe the expansion to downstream business would be earning accretive to the Group and enable us to steadily improve the operating results.

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 increased by RMB184.6 million, or 20.4%, from RMB906.6 million for the year ended 31 December 2014 to RMB1,091.2 million for the year ended 31 December 2015, primarily as a result of the increase in shipment volume while the increase was partially offset by the decrease in average selling prices.

Sales of 125 mm by 125 mm monocrystalline solar wafers

Revenue from sales of 125 mm by 125 mm monocrystalline solar wafers decreased by RMB45.8 million, or 9.2%, from RMB497.0 million for the year ended 31 December 2014 to RMB451.2 million for the year ended 31 December 2015, primarily due to the decrease in its average selling price by 13.4% from RMB1.72 per watt for the year ended 31 December 2014 to RMB1.49 per watt for the year ended 31 December 2015. The decrease was partially offset by the increase of sales volume of 125 mm by 125 mm monocrystalline wafers, which accounts for an increase of approximately 4.7% from 289.5MW for the year ended 31 December 2014 to 303.1MW for the year ended 31 December 2015 and is primarily due to the increase in demand from customers and the ramp up of new production facilities in Malaysia during the year ended 31 December 2015.

Sales of 156 mm by 156 mm monocrystalline wafers

Revenue from sales of 156 mm by 156 mm monocrystalline solar wafers increased by RMB82.8 million, or 95.2%, from RMB87.0 million for the year ended 31 December 2014 to RMB169.8 million for the year ended 31 December 2015, primarily as a result of the increase of sales volume from 51.8MW for the year ended 31 December 2014 to 101.3MW for the year ended 31 December 2015. It was mainly due to the increase in demand from customers with whom the Company has signed long term agreements fixing the selling prices.

Processing services of monocrystalline solar products

Revenue from processing fees on monocrystalline solar products was approximately RMB6.6 million for the year ended 31 December 2015, decreased from approximately RMB7.3 million in the corresponding period in 2014. 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

The remaining revenue, mainly composed of revenues from the sales of excess inventory of polysilicon which were purchased under the long term agreements with our major polysilicon suppliers, of RMB463.6 million for the year ended 31 December 2015 recorded an increase of RMB148.3 million or 47.0%, from RMB315.3 million for the year ended 31 December 2014. The increase was mainly due to the increase of the sales volume by approximately 101.5% during the year ended 31 December 2015 when compared with that of 2014, while the increase was partially offset by the decrease in average selling price by approximately 25.2% for the year ended 31 December 2015 when compared with that for the corresponding period in 2014.

In relation to the analysis of our revenue by geographical market, approximately 39.7% of total revenue for the year ended 31 December 2015 was generated from our Philippines and Malaysia customer (2014: 48.7%). Remaining portion was mainly generated from our sales in PRC (including Hong Kong), U.S.A., Japan and Korea.

Cost of sales

Cost of sales for the year ended 31 December 2015 was approximately RMB1,185.6 million, representing an increase of RMB339.0 million or 40.0% from RMB846.6 million for the year ended 31 December 2014. The increase was mainly due to the write-down of inventory, increase in production cost and the increase in shipment volume during the year ended 31 December 2015.

The write-down of inventory were approximately RMB112.7 million for the year ended 31 December 2015 while the write-down of inventory were RMB11.2 million for the year ended 31 December 2014. When the Group identifies items of inventories which have a net realizable value that is lower than its carrying amount, the Group would write down of inventories in that year. During the year ended 31 December 2015, the average selling price of the 125 mm by 125 mm monocrystalline solar wafers and the polysilicon decreased by approximately 13.4% and 25.2% respectively. In addition, there were negative impacts on production yield during the transition period to ramp up the new production facilities in Malaysia which resulted in higher production and inventory costs. Thus, there was an increase in amount of inventories which have net realizable values that are lower than their carrying amounts, resulting in the increase in the write-down of inventories for the year ended 31 December 2015.

The negative impacts on production yield, as mentioned above, during the transition period to ramp up the new production facilities in Malaysia also increased the inventory costs and hence cost of sales when the inventories were sold and charged to profits and losses account during the year.

Furthermore, the increase in cost of sales was also attributable to the increase of shipment volumes for the year ended 31 December 2015. The shipment volume of ingot and wafers as well as of the excess inventory of polysilicon increased by 13.3% and 101.5% respectively for the year ended 31 December 2015 when compared with that of the year ended 31 December 2014.

Gross losses

The Company recorded gross losses of RMB94.4 million for the year ended 31 December 2015, while the Company recorded gross profits of approximately RMB60.0 million for the year ended 31 December 2014.

The gross losses was mainly attributable to the increase in cost of sales resulting from the increase in write-down of inventory from RMB11.2 million for the year ended 31 December 2014 to RMB112.7 million for the year ended 31 December 2015. In addition, the 13.4% decrease in average selling prices for the Group's 125mm by 125mm monocrystalline solar wafers, which accounted for over 71.5% of the Group's total revenue excluding revenue generated from sale of excess inventory of polysilicon, also contributes to the gross losses. Notwithstanding the Group recorded a 4.7% increase in sales of 125mm by 125mm monocrystalline solar wafers, the decrease in average selling price of RMB0.23 per watt resulted in the decrease of gross profit of approximately RMB69.7 million.

On the other hand, while the Company recorded an increase of 20.4% in revenue of the Company for the year ended 31 December 2015, which was mainly attributable to the 47.0% increase in the Group's sales of excess inventory of polysilicon, the Company did not record any profit or loss in such sales after the offset of impairment provision on advances to suppliers and the cost of sale of the excess inventory of polysilicon.

As a result of the foregoing, the Company recorded gross losses of RMB94.4 million for the year ended 31 December 2015.

Other income

Other income for the year ended 31 December 2015 was approximately RMB9.5 million, representing an increase of approximately RMB1.1 million, or 13.1%, from RMB8.4 million for the year ended 31 December 2014, mainly due to the compensation from local government for removal from a leased factory in Shanghai.

Other gains and losses, expenses and provision

Other losses increased by RMB136.7 million from RMB63.6 million for the year ended 31 December 2014 to RMB200.3 million for the year ended 31 December 2015. It was mainly due to (i) the increase in impairment losses on advance to suppliers of approximately RMB69.9 million, (ii) the increase in losses from disposal of fixed assets of approximately RMB34.9 million, (iii) the increase in net foreign exchange losses of approximately RMB15.8 million and (iv) the decrease in gain from fair value changes of the outstanding warrants of approximately RMB24.5 million recorded for the year ended 31 December 2015.

(i) Impairment losses on advance to suppliers

In relation to the increase in impairment losses of approximately RMB69.9 million, as disclosed in the announcement of the Company dated 21 September 2015 and note 11 to the consolidated financial statements, the Group had entered into several purchase agreements (the “**Purchase Agreements**”) with two major suppliers, who are independent parties not related to the Group, pursuant to which, among other things, the Group committed to purchase a minimum quantity of polysilicon virgins (to be used in the manufacture of its products) each year during the period from 1 January 2008 to 31 December 2018 at pre-determined prices. According to the terms of the Purchase Agreements, the Group has paid the equivalent of approximately RMB516.8 million of prepayments in aggregate during the period from January 2007 to December 2011 (collectively, the “**Advances**”), to these suppliers. In purchasing polysilicon virgins from these two major suppliers, the Group utilized part of the Advances in settlement of part, but not in full, of the purchase price payable such that only a portion of the Advances shall be utilized on each purchase. The Group has not made any further prepayments to these suppliers since December 2011.

Due to the volatility of the solar industry, the management of the Company has adopted a consistent review process to assess the sufficiency of impairment recognized in respect of the Advances and provision for the Purchase Agreements on a regular basis. Such reviews included the reviews conducted for the Company’s interim results and the audit of the Company’s annual results every year, with reference to a number of factors, including: the Group’s budgeted annualized production capacity is expected to gradually increase to approximately 1,000MW in 2017; the Group’s product mix would mainly comprise 125mm x 125mm and 156mm x 156mm “Super Mono” wafers; recent market demand for the Group’s products continued to increase; the average selling prices of the polysilicons are expected to be approximately USD13 per kg during 2016, reflecting current market assessments; and the negotiations between the Company with the two major suppliers in early 2016, during 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 lower the pre-determined purchase price for the forthcoming purchases.

Based on the result of the said review, the Group recognized impairment losses on advances to suppliers of approximately RMB152.8 million for the year ended 31 December 2015, representing an increase of impairment losses of approximately RMB69.9 million from impairment losses of approximately RMB83.0 million during the year ended 31 December 2014. The impairment represents the incremental impairment recognized for the year ended 31 December 2015 in respect of the Advances and provision for the Purchase Agreements, which was primarily attributable to the substantial decrease in the market price of polysilicon of approximately 25.2% during the year ended 31 December 2015 as compared to the market price of polysilicon during the year ended 31 December 2014.

The balances of advances to suppliers decreased from approximately RMB120.4 million as at 31 December 2014 to approximately RMB111.2 million as at 31 December 2015. The drop of approximately RMB9.2 million was mainly due to additional impairment provision of approximately RMB152.8 million during the year ended 31 December 2015 and the usage of approximately RMB88.0 million to offset the payables for purchase of materials from these long term suppliers, and the transfer from the provision on onerous contracts of approximately RMB7.6 million. These decreases were partially offset by an increase of approximately RMB239.2 million in relation to utilization of impairment provision on such advances during the period. The utilization of the impairment provision represents an offset of such provision with the cost of sale of the excess inventory of polysilicon which resulted in an increase in the net balance of advance to suppliers by the utilized impairment provision amount.

(ii) Losses from disposal of property, plant and equipments

The increases in losses from disposals of property, plant and equipments were mainly due to the disposal of certain wire saws during the year which could not be modified to utilize diamond wires. The Company believes diamond wires slicing technologies would be the major production technologies of monocrystalline solar products in the future due to its significant rooms for further cost reduction, and has phased out the use of old equipments which could not utilize diamond wires.

(iii) Net foreign exchange losses

The increase in net foreign exchange losses was mainly due to appreciation of USD and Euro against RMB during the year ended 31 December 2015 and certain amount of bank loans were denominated in USD and Euro.

(iv) Decrease in gain from fair value change of outstanding warrants

The gain from fair value changes of the outstanding warrants of approximately decreased RMB24.5 million for the year ended 31 December 2015, comparing for the amount of such gain in 2014. In 2012, the Company and an independent third party not related to the Group (the “Investor”) entered into warrant subscription agreement, pursuant to which the Company agreed to issue the Investor detachable and transferrable warrants (“2012 Warrants”), exercisable for a period of four years ending 13 March 2016, to the Investor who was entitled to subscribe for up to 94,354,839 shares at a price of HKD1.24 per share. The fair values of the 2012 Warrants of the Company were calculated using the Binominal pricing model. The inputs into the model were mainly share price, exercise price, warrant volatility, warrant life and risk free interest rate etc. Changes in variables and assumptions may result in changes in the fair values of the 2012 Warrants and hence the gain or losses derived from such changes in fair value. The changes in share price of the Group during the year ended 31 December 2015 and the impacts of approaching to the expiry dates of the warrants reduced the amount of gain from fair value changes of the outstanding warrants.

Distribution and selling expenses

The distribution and selling expenses accounted for approximately 1.9% of the revenue for the year ended 31 December 2015, while it accounted for approximately 1.8% of the revenue for the year ended 31 December 2014. The distribution and selling expenses increased by approximately RMB4.3 million, or 27.0%, from RMB15.9 million for the year ended 31 December 2014 to RMB20.2 million for the year ended 31 December 2015. The increase was primarily due to the increase in scale export sales of “Super Mono Wafers” to overseas customers.

Administrative and general expenses

Administrative and general expenses increased by RMB47.6 million, or 70.7%, from RMB67.3 million for the year ended 31 December 2014 to RMB114.9 million for the year ended 31 December 2015. It was mainly due to the increase in the recognising stock compensation expenses of approximately RMB39.4 million incurred for the share options newly grant during the year ended 31 December 2015 and the expenses to ramp up the production capacity in Malaysia.

Interest expenses

Interest expenses were approximately RMB14.8 million for the year ended 31 December 2015, representing an increase by RMB2.9 million from RMB11.9 million for the year ended 31 December 2014, which was mainly due to interests expenses from discounting the bank bills received from selling of excess polysilicon inventory during the year ended 31 December 2015.

Loss before taxation

Loss before taxation of RMB435.1 million for the year ended 31 December 2015, increased from the loss before taxation of RMB90.3 million for the year ended 31 December 2014, as a result of the foregoing.

Taxation

The Group did not incur significant tax expenses for the year 31 December 2015 and corresponding period in 2014 since no assessable profits were derived or tax losses were incurred from the Group entities.

Loss for the year

The Group recorded a loss of RMB434.7 million, increased from the loss of RMB90.5 million for the year ended 31 December 2014, as a result of the foregoing. Net loss margin of 39.8% for the year ended 31 December 2015, increased from the net loss margin of 10.0% for the year ended 31 December 2014.

Inventory turnover days

The inventories of the Group mainly comprised of raw materials (namely polysilicon, crucibles and other auxiliary materials) for production requirements, work in process and finished goods. There was a decrease in inventories balance of 51.0% from RMB537.8 million for the year ended 31 December 2014 to RMB263.6 million for the year ended 31 December 2015. The decrease was mainly due to increase in sales volume, improvement of inventory turnover and the write down of inventory by comparing the costs of inventory against its net realizable values. The inventory turnover days as at 31 December 2015 were 81 days in total (2014: 232 days).

Trade receivable turnover days

The trade receivable turnover days as at 31 December 2015 totaled 60 days (2014: 57 days). For the year ended 31 December 2015, the Group has focused on “Super Mono Wafers” which were mainly sold to overseas customers. The credit period granted to customers is approximately 7 to 180 days on case-by-case basis. The average receivable turnover days were approximately 60 days which was within the credit periods of the Group grants to its customers.

Trade payable turnover days

The trade payable turnover days as at 31 December 2015 totaled 62 days (2014: 54 days). We mainly focused on the long term and high quality suppliers during the year ended 31 December 2015 and the credit terms offered by them were 60 days or less.

Advances to suppliers

The balances of advances to suppliers decreased from approximately RMB120.4 million as at 31 December 2014 to approximately RMB111.2 million as at 31 December 2015. The drop of approximately RMB9.2 million was mainly due to additional impairment provision of approximately RMB152.8 million during the year ended 31 December 2015 and the usage of approximately RMB88.0 million to offset the payables for purchase of materials from these long term suppliers, and the transfer from the provision on onerous contracts of approximately RMB7.6 million. These decreases were partially offset by an increase of approximately RMB239.2 million in relation to utilization of impairment provision on such advances during the year. The utilization of the impairment provision represents an offset of such provision with the cost of sale of the excess inventory of polysilicon which resulted in an increase in the net balance of advance to suppliers by the utilized impairment provision amount.

Liquidity and financial resources

The Group's principal sources of working capital included cash flow from operating activities, bank borrowings and the proceeds from the share placements. As at 31 December 2015, the Group's current ratio (current assets divided by current liabilities) was 1.0 (31 December 2014: 1.4) and it was in a net debt position of approximately RMB282.0 million (2014: approximately RMB286.8 million). The Group's financial position remains healthy.

On 11 January 2016, the Company entered into a subscription agreement with each of Guolian Financial Holding Group Co., Limited and Mr. Li Wanbin (the “**Subscribers**”), respectively, both being independent third parties, pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for a total 928,138,250 Shares (“**Subscription Shares**”) at a gross subscription price of HK\$0.66 per Share (the “**Subscriptions**”). The subscription price of HK\$0.66 represented a discount of 20.48% to the closing price of HK\$0.83 per Share as stated in the Stock Exchange's daily quotations sheet on 8 January 2016. The Subscriptions have been approved by the shareholders of the Company in the extraordinary general meeting of the Company held on 26 February 2016. The net proceeds from the Subscriptions (after deducting related professional fees and related expenses) are expected to be approximately HK\$611.1 million, representing a net subscription price of approximately HK\$0.66 per Share. Please refer to the announcement of the Company dated 11 January 2016 and circular of the Company dated 11 February 2016 for further details.

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

Capital Commitments

As at 31 December 2015, the Group had capital commitments of approximately RMB205.2 million (2014: RMB216.9 million). It was mainly related to the plan to expand production capacity of the Group in Malaysia.

The capital commitments in relation to the downstream business would be finalized after the closing of Subscriptions. The Group plans to invest of approximately 200MW downstream solar projects, mainly distributed generation projects, within 2016. Depending on and subject to the market conditions and opportunities, the Company contemplates the investment to be either in the form of green field self-developed projects and/or by way of acquisitions of downstream projects.

Contingent liabilities

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

Related Party Transactions

Other than remuneration that the Group paid to the Directors and key management, the Group did not have any related party transactions for the year ended 31 December 2015.

Charges on Group Assets

As at 31 December 2015, other than the restricted cash of approximately RMB171.1 million (31 December 2014: RMB171.2 million), the Group pledged its buildings and prepaid lease payments having net book values of approximately RMB152.3 million (31 December 2014: RMB82.8 million) and approximately RMB19.6 million (31 December 2014: RMB13.9 million), respectively, to banks to secure banking facilities granted to the Group.

Save as disclosed above, as at 31 December 2015, no Group asset was under charge to any financial institution.

Acquisition of subsidiary

No subsidiary of the Company was acquired during the year ended 31 December 2015.

Disposal of subsidiary

No subsidiary of the Company was disposed during the year ended 31 December 2015.

Reference is made to the announcement of the Company dated 28 March 2016. On 25 March 2016, Comtec Solar (Cayman) Limited, a wholly-owned subsidiary of the Company, and New Energy Management Limited entered into the termination agreement to terminate the disposal of Comtec New Energy (Shanghai) Limited* (卡姆丹克新能源科技(上海)有限公司) in view of certain closing conditions of the under the relevant transfer agreement have not been fulfilled.

Human resources

As at 31 December 2015, the Group had 1,140 (2014: 1,067) employees. The remuneration of the existing employee includes basic salaries, discretionary bonuses and social security contributions. Pay levels of the employees are commensurate with their responsibilities, performance and contribution.

Details of the future investment plans for material investment

The Group is expanding production capacity in Malaysia which would enable the Group to lower production costs and to increase the scale of operation. We are still in the process to evaluate various opportunities to further expand the production facilities in Malaysia. In additions, the Group is planning to expand to the downstream business. Due to the rapid changing market environment, the Group prefers to maintain flexibilities throughout the expansion process and avoid fixing a capacity target under a pre-determined timeline. We believe this strategy would enable the Group to maximize its advantages from the industry consolidation process.

Exposure to fluctuations in exchange rates and any related hedges

The Group recognised net exchange losses of approximately RMB21.8 million (2014: approximately RMB6.0 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 has been monitoring 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 of the Corporate Governance Code as disclosed below, for the year ended 31 December 2015, the Company has complied with the Corporate Governance Code.

Under provision A.2.1 of both the Corporate Governance Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual.

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

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 for the year ended 31 December 2015.

AUDIT COMMITTEE

The Company established an audit committee pursuant to a resolution of the Directors passed on 2 October 2009 with written terms of reference. The primary duties of the audit committee are to make recommendation to the Board on the appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting, and oversee the internal control procedures of the Company. Their written terms of reference are in line with the Corporate Governance Code provisions. The audit committee consists of four members, namely, Mr. Leung Ming Shu, Mr. Daniel DeWitt Martin, Mr. Kang Sun and Mr. Donald Huang, all of whom are non-executive Directors and the majority of whom are independent non-executive Directors. Mr. Leung Ming Shu is the chairman of the audit committee.

The audit committee has reviewed the Group’s audited consolidated financial statements for the year ended 31 December 2015, including the accounting principles and practice adopted by the Group.

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

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

IMPORTANT EVENT SINCE THE END OF THE FINANCIAL YEAR

On 11 January 2016, the Company entered into a subscription agreement with the Subscribers, respectively, both being independent third parties, pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, an aggregate of 928,138,250 Shares of the Company at a gross subscription price of HK\$0.66 per Share. The Subscriptions have been approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 26 February 2016. The net proceeds from the Subscriptions (after deducting related professional fees and related expenses) are expected to be approximately HK\$611.1 million, representing a net subscription price of approximately HK\$0.66 per Share.

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 year ended 31 December 2015.

DIVIDEND

The Board recommended that since the Company plans to reserve the cash for working capital requirement and any potential investment opportunities in the future, no dividend will be declared for the year ended 31 December 2015. The Company may consider its dividend policy in the future according to the financial results and performance of the Company, and the general industry and economic environment.

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 2015 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.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (<http://www.comtecsolar.com>). The annual report for the year ended 31 December 2015 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.

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
“Corporate Governance Code”	Code on corporate governance practices contained in Appendix 14 to the Listing Rules
“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
“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.

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

Shanghai, the People’s Republic of China, 31 March 2016

As at the date of this announcement, the executive Directors are Mr. John ZHANG, Mr. CHAU Kwok Keung and Mr. SHI Cheng Qi; the non-executive Director is Mr. Donald HUANG; and the independent non-executive Directors are Mr. Daniel DeWitt MARTIN, Mr. Kang SUN and Mr. LEUNG Ming Shu.