卡姆丹克太陽能系統集團有限公司
Comtec Solar Systems Group Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 712)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

HIGHLIGHTS

- Revenue for the Period was approximately RMB66.8 million, representing a decrease of 33.3% from approximately RMB100.2 million for the corresponding period in 2018;
- Gross loss for the Period was approximately RMB0.1 million for the Period, representing a decrease by approximately 98.7%, from approximately RMB7.8 million for the corresponding period in 2018;
- Gross loss margin for the Period was approximately 0.1%, comparing to gross loss margin of 7.8% for the corresponding period in 2018;
- Net losses attributable to the owners of the Company for the Period was approximately RMB24.0 million, representing a decrease by approximately 76.1%, from approximately RMB100.6 million for the corresponding period in 2018;
- Net losses margin attributable to the owners of the Company for the Period was approximately 35.8%, comparing to net loss margin of 100.4% for the corresponding period in 2018;
- Our loss per share for the Period was RMB1.1 cents, comparing to the loss per share of 4.8 cents for the corresponding period in 2018; and
- Achieved net cash inflow from operating activities of approximately RMB17.8 million and maintained cash and restricted cash balances of approximately RMB25.3 million.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of Comtec Solar Systems Group Limited, I am pleased to present the unaudited interim results of the Group for the six months ended 30 June 2019. Here are some financial and business highlights for the Period:

- Revenue for the Period was approximately RMB66.8 million, representing a decrease of 33.3% from approximately RMB100.2 million for the corresponding period in 2018;

- Gross loss for the Period was approximately RMB0.1 million for the Period, representing a decrease by approximately 98.7%, from approximately RMB7.8 million for the corresponding period in 2018;

- Gross loss margin for the Period was approximately 0.1%, comparing to gross loss margin of 7.8% for the corresponding period in 2018;

- Net losses attributable to the owners of the Company for the Period was approximately RMB24.0 million, representing a decrease by approximately 76.1%, from approximately RMB100.6 million for the corresponding period in 2018;

- Net losses margin attributable to the owners of the Company for the Period was approximately 35.8%, comparing to net loss margin of 100.4% for the corresponding period in 2018;

- Our loss per share for the Period was RMB1.1 cents, comparing to the loss per share of 4.8 cents for the corresponding period in 2018; and

- Achieved net cash inflow from operating activities of approximately RMB17.8 million and maintained cash and restricted cash balances of approximately RMB25.3 million.

Certain policies issued by the Chinese government in 2018 still caused disruptions in the solar industry. Such policies are expected to continue to reduce feed-in-tariffs in China. It negatively impacted the industry demand and selling price of upstream products. However, despite the short-term impacts caused by the new solar PV policies issued by the Chinese government, we still remain confident in the long-term sustainable growth of the industry as solar PV is becoming increasingly cost competitive. We proactively execute various strategies to navigate this challenging period in the industry.

In order to enhance our profit amounts and profitability, the Group made continuous efforts to develop our downstream solar businesses which specifically focused on rooftop distributed generation projects on industrial and commercial buildings. As of 30 June 2019, the Group has completed grid connection for its downstream rooftop distributed generation projects of approximately 15.3 MW which are mainly located in the regions of Jiangsu, Guangdong, Fujian, and Tianjin. The Group plans to gradually sell these completed projects to institutional investors to realize the revenues and profits from development, construction and investment of these projects. As at 30 June 2019, the Group has sold grid-connected downstream rooftop distributed generation projects of approximately 5.0 MW in aggregate, and concurrently we are exploring with certain institutional investors the possibility of selling the remaining completed projects to them. This will be one of the major sources of our revenues if the proposed sales come into fruition in future.

In addition, we have started certain projects of approximately 19.6 MW which we have completed initial designs, roof load assessments, execution of power purchase agreements and roof lease agreements, applications for grid connection permits as well as NDRC filings. Such projects are ready for constructions to commence. We have also started other projects of approximately 7.4 MW which, subject to administrative procedures such as applications for grid connection permits and NDRC filings, are ready for constructions to commence in few months' time. These to-build projects are mainly located in the regions of Zhejiang, Jiangsu, Shandong, Anhui, Hebei, Henan, Shanghai, Hubei, and Tianjin. We plan to sell those project companies holding the aforesaid to-build projects to various institutional investors subject to us being their main contractor in completion of these projects. In providing our services, we will charge all project costs plus our service fees covering: 1) project development, 2) engineering, purchasing, and constructions (the "EPC") management and 3) project management of such projects. The purchasers of the to-build projects holding companies should pay us in several instalments depending on construction progress milestones. This can provide our cashflow management with more flexibility. We expect this business model will be the major focus of our downstream business in the future.

On 18 September 2017 (after trading hours), Comtec Renewable Energy Group Limited, a wholly-owned subsidiary of the Company, and Macquarie Capital entered into a shareholders' agreement, pursuant to which they agreed to form Future Energy Capital which was a co-investment vehicle for developing and expanding the downstream solar business. Future Energy Capital specifically focuses on rooftop distributed generation projects on industrial, commercial and residential buildings, and in particular focuses on the development, project management and construction of distributed solar generated power projects in the PRC with an aggregate capacity of 30–40 MW. Future Energy Capital has established its investment platform in China and was in the process to build up its own project portfolio. As of 30 June 2019, the Group has transferred certain grid-connected downstream rooftop distributed generation projects of approximately 5.0 MW in aggregate to the Future Energy Capital. Pursuant to the same shareholders' agreement, Future Energy Capital has the right of first refusal to acquire our projects upon terms no less favorable than the best offer from other potential purchasers. This can provide us, on top of the strategic partnership with Macquarie Capital, with more opportunities in selling our projects at the best possible terms offered in the market.

The Company also successfully completed construction of a solar power rooftop distributed generation project in Tianjin in June 2019. Pursuant to an electricity supply agreement entered into by, amongst others, Tianjin Comtec and Tianjin Shell, the solar power generation station was constructed by Tianjin Comtec to supply Tianjin Shell with solar power electricity for a term of 20 years. The solar power generation station was constructed on a roof covering an area of approximately 21,129 square meters and its scale is approximately 1.1 MW.

On 23 November 2018 (after trading hours), Comtec Clean Energy, Lu Ke Ya and Kexin entered into a capital injection agreement with ISDN in relation to the injection of capital by ISDN to the registered capital of Kexin. Pursuant to the same capital injection agreement, ISDN agreed to subscribe for 10% of the enlarged registered share capital of Kexin. ISDN contributed RMB4,444,444.0 in cash to the capital of Kexin in March 2019 and has since been a registered shareholder of Kexin holding 10% equity interest in Kexin. Please refer to the announcement of the Company dated 23 November 2018 for further details.

On 17 June 2019 (after trading hours), Comtec Windpark Renewable entered into a share purchase agreement with The9 and 1111 in relation to the transfer of 9.9% equity interest in Kexin. Pursuant to the said share purchase agreement, The9 and 1111 collectively agreed to purchase the entire issued share capital of Comtec Solar China at a consideration of RMB9.8 million, which shall be satisfied by allotment and issue of 3,444,882 Class A ordinary shares in the capital of The9 to the Company at the issue price of approximately US$0.41 per ordinary share. The9 is an exempted company with limited liability incorporated under the laws of the Cayman Islands which has American depositary shares listed on the NASDAQ under trading symbol "NCTY". The9 is principally engaged in the development and operation of online games and Internet and website related businesses in the PRC and currently committed to invest in electric vehicle businesses. As of 17 June 2019, Comtec Solar China directly owned 9.9% of the registered capital and equity interest in Kexin. Please refer to the announcement of the Company dated 17 June 2019 for further details.

We expect the developments and growth prospects of the electric vehicle industry and the power storage industry would drive the growth and profitability of Kexin in future. We have noted material increases in enterprise value of Kexin after our acquisition of its equity interests in 2017.

The above progress marked the Group's continuous efforts to develop and expand its new business initiatives. It would fuel the growth of the Group and enhance our profitability in future.

During the Period, we continued to reduce our fixed costs of operation and our fixed assets in the manufacturing business segment. We also actively looked for opportunities to out-source production procedures to third party processing agents whenever it is in our commercial interests. We believe outsourcing our production procedures would be more cost effective when there are excess production capacities in market. We keep on reducing head counts and disposing of fixed assets which were low in utilization. We also rented out certain idle spaces in our factories and intended to continue doing the same. We would also consider disposing of our factories in Shanghai and Haian, if we have received an attractive offer from any potential buyer. We have kept on executing comprehensive strategies to improve our operating efficiencies so as to remain flexible and enable us to rapidly adapt our business to the challenging industry environment.

During the Period, we were free from the impact of long-term purchase agreements for polysilicon which led to substantial amount of losses of the Group in the last few years. This would give the Group more flexibility in managing its supply chain to adapt to the market situations and benefit from the decreasing spot prices of raw materials. In addition, we have concluded a re-negotiation with a long-term supplier in December 2018 which enabled us to substantially realize our remaining amounts of prepayments made to that supplier in previous years. An amount of approximately US$5.1 million has been offset with the full amount of our purchase of polysilicons from the supplier throughout the first quarter of 2019.

On 19 June 2019 (after trading hours), Sun Winning Limited and Mr. Hung Kwok Wing, both independent third parties, and the Company entered into subscription agreements, pursuant to which the Company conditionally agreed to allot and issue 72,727,273 subscriptions shares at subscriptions prices of HK$0.055 per share to each of Sun Winning Limited and Mr. Hung Kwok Wing, respectively. The subscriptions were completed on 17 July 2019, generating net proceeds of approximately HK$7.8 million, which represented a net subscription price of approximately HK$0.054 per subscription share. The net proceeds were intended to be used as general working capital of the Group, and as at the date of this announcement, the net proceeds have been used as generally working capital of the Group. Please refer to the announcements of the Company dated 19 June 2019 for further details.

On 20 June 2019 (after trading hours), Mr. Dai Ji, an independent third party, and the Company entered into another subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue 270,000,000 subscriptions shares at subscriptions prices of HK$0.055 per share to Mr. Dai Ji. The subscription were completed on 19 August 2019 with the 270,000,000 subscription shares allotted and issued to Mr. Dai Ji, generating the net proceeds of approximately HK$14.65 million which represented a net subscription price of approximately HK$0.054 per subscription share. The net proceeds are expected to be used for the Group's development, construction and investment of downstream projects. As at the date of this announcement, an amount of approximately RMB2.8 million has been used have been used for the Group's development, construction and investment of downstream projects and the remaining amount is expected to be used in the same purposes. Please refer to the announcements of the Company dated 20 June 2019 for further details.

On 5 July 2019 (after trading hours), the Board announced that it proposed to implement the Share Consolidation on the basis that every four issued and unissued then existing shares with a par value of HK$0.001 each will be consolidated in to one consolidated share with a par value of HK$0.004 each. The Board also proposed to change the board lot size for trading on the Stock Exchange from 2,000 then existing shares to 10,000 consolidated shares. It is expected to bring about a corresponding upward adjustment in trading price per consolidated share on the Stock Exchange and increase the trading value of each board lot. The Board was also of the view that it would enhance the Company's corporate image and therefore attract investors to invest in the Company which is beneficial to both the Company and the Shareholders. Also, such proposed changes would allow the Company to comply with the relevant Listing Rules. The Share Consolidation became effective on 28 August 2019. Please refer to the announcements of the Company dated 5 July 2019 and 26 August 2019, and the circular of the Company dated 9 August 2019 for further details.

Given the current industry environment, it is clear that strict financial discipline is essential to success. Our financial position will be further improved after the closing of the Subscriptions. In addition, we implemented and will continue to implement a balanced financing plan to support our business operation.

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

John Yi Zhang
Chairman

Shanghai, 30 August 2019

INTERIM RESULTS

The Board is pleased to announce the unaudited interim results and condensed consolidated interim financial statements of the Group for the Period, together with the comparative figures for the corresponding period in 2018.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE SIX MONTHS ENDED 30 JUNE 2019

		For the six months ended 30 June	
		2019	2018
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**66,845**	100,246
Cost of Sales and services	*4*	**(66,924)**	(108,091)
Gross (loss) profit		**(79)**	(7,845)
Other income	*5*	**4,409**	8,936
Other gains and losses	*6*	**17,936**	(44,205)
Distribution and selling expenses		**(1,972)**	(2,534)
Administrative expenses		**(32,113)**	(48,794)
Research and development expenses		**(1,823)**	(2,922)
Share of (loss) profit of joint ventures		**(128)**	398
Finance costs	*7*	**(12,982)**	(7,278)
Loss before taxation	*8*	**(26,752)**	(104,244)
Income tax credit (expense)	*9*	**99**	(761)
Loss and total comprehensive expense for the period		**(26,653)**	(105,005)
Loss and total comprehensive expense for the period attributable to			
Owners of the Company		**(23,958)**	(100,621)
Non-controlling interests		**(2,695)**	(4,384)
		(26,653)	(105,005)
		RMB cents	*RMB cents*
Loss per share			
— Basic	*12*	**(1.14)**	(4.80)
— Diluted	*12*	**(1.14)**	(4.80)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	NOTES	**30 June 2019 *RMB'000* (Unaudited)**	31 December 2018 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment	*13*	**146,866**	166,444
Right-of-use assets	*13*	**33,892**	–
Prepaid lease payments		**–**	12,933
Investment properties		**86,027**	86,027
Goodwill		**66,892**	66,892
Intangible assets		**4,713**	5,645
Interests in joint ventures		**10,536**	10,514
Deposits paid for acquisition of property, plant and equipment	*13*	**324**	148
		349,250	348,603
Current assets			
Inventories		**10,404**	18,788
Trade and other receivables	*14*	**65,164**	75,207
Bills receivable	*14*	**150**	–
Advance to suppliers		**39,011**	71,611
Prepaid lease payments		**–**	549
Pledged bank deposits		**22,275**	22,063
Equity instrument at fair value through profit or loss ("FVTPL")	*16*	**9,868**	–
Bank balances and cash		**3,040**	8,020
		149,912	196,238
Assets classified as held for sale	*15*	**5,435**	–
		155,347	196,238
Current liabilities			
Trade and other payables	*17*	**118,837**	139,068
Contract liabilities		**40,372**	51,530
Short-term borrowing		**161,279**	170,172
Tax liabilities		**5,785**	5,785
Deferred income		**287**	287
Contingent consideration payables	*18*	**–**	5,936
Obligations under finance lease		**–**	820
Lease liabilities		**4,971**	–
		331,531	373,598
Net current liabilities		**(176,184)**	(177,360)
Total assets less current liabilities		**173,066**	171,243

	NOTES	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Non-current liabilities			
Long-term borrowing		**5,100**	5,400
Deferred tax liabilities		**18,373**	18,503
Long-term payable		**3,614**	4,500
Deferred income		**3,581**	3,725
Convertible bonds		**72,426**	72,902
Obligations under finance lease		**–**	8,501
Lease liabilities		**20,236**	–
		123,330	113,531
Capital and reserves			
Share capital		**1,807**	1,807
Reserves		**41,900**	53,074
Equity attribute to owners of the Company		**43,707**	54,881
Non-controlling interests		**6,029**	2,831
Total equity		**49,736**	57,712
		173,066	171,243

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. GENERAL

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

The Company and its subsidiaries (the "Group") are principally engaged in research, production and sales of efficient mono-crystalline products, power storage products and lithium battery products and the provision of services for investment, development, construction and operation of solar photovoltaic power stations.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Group incurred a net loss of RMB26,653,000 for the six months ended 30 June 2019 and had a working capital deficit (total consolidated current liabilities exceeded total consolidated current assets) of RMB176,184,000 although a net assets of RMB49,736,000 are maintained as at that date. These factors initially raised doubt as to the Group's ability to continue as a going concern.

The directors of the Company have performed an assessment of the Group's future liquidity and cash flows, taking into account the following relevant matters:

(1) Subsequent to the end of the reporting period, the Company issued shares to three independent third party subscribers with the net proceeds of RMB19.75 million (HKD22.45 million) to improve the working capital. And according to the share issue mandate approved in the Annual General Meeting on 25 June 2019, the Company will be allowed to issue new shares not exceeding 20% of the aggregate nominal value of the share capital when necessary;

(2) Mr. Zhang, the controlling shareholder of the Company, had committed to provide necessary financial support in the form of debt and/or equity, to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future;

(3) The existing convertible bonds holder's parent company and a potential investor agreed to provide the funding to the Group in the form of debt and/or equity amounting to USD20 million and RMB50 million respectively to improve the Group's liquidity when necessary;

(4) The expected availability of credit facilities pursuant to the refinancing of its short-term bank loans . Historically, the Group is able to roll over or obtain replacement borrowings from existing credit for most of its short-term bank loans upon the maturity of the loans. The Group has assumed it will continue to be able to do so for the foreseeable future;

(5) The Group is continually adopting strict control of operating and investing activities.

The Directors of the Company consider that such short term bank loans will not be withdrawn unexpectedly. In addition, taking into account the Group's operating cash flows, the available credit facilities, the proceeds from the new placement and proceeds from the budgeted realisation of downstream solar power stations, the Group will be able to meet its financial obligations when they fall due in the foreseeable future. Accordingly, the condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment property and certain financial instruments that are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from the application of new and amendments to International Financial Reporting Standards ("IFRS"), the accounting policies and methods of computation used in the condensed consolidation financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's financial statements for the year ended 31 December 2018.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the International Accounting Standards Board ("IASB") which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	*Leases*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
Amendments to IFRSs	*Annual Improvements to IFRSs 2015-2017 Cycle*

Excepted as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 Impacts and changes in accounting policies of application on IFRS 16 Leases

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 *RMB'000*	Adjustments *RMB'000*	**Carrying amounts under IFRS 16 at 1 January 2019** ***RMB'000***
Non-current Assets			
Prepaid lease payments	12,933	(12,933)	**–**
Other receivables — rental deposits	941	(94)	**847**
Property, plant and equipment	166,444	(10,010)	**156,434**
Right-of-use assets	–	28,374	**28,374**
Current Assets			
Prepaid lease payments	549	(549)	**–**
Current Liabilities			
Lease liabilities	–	2,229	**2,229**
Obligations under finance lease	820	(820)	**–**
Non-current Liabilities			
Lease liabilities	–	12,831	**12,831**
Obligations under finance lease	8,501	(8,501)	**–**
Capital and Reserves			
Reserves	53,074	(951)	**52,123**

4A. REVENUE FROM GOODS AND SERVICES

A. For the six months ended 30 June 2019

(i) Disaggregation of revenue from contracts with customers

	For the six months ended 30 June 2019	
	Upstream business *RMB'000* (Unaudited)	Downstream solar and power storage *RMB'000* (Unaudited)
Types of goods or services		
Sales of monocrystalline solar wafers	**2,551**	**–**
Sales of monocrystalline solar ingots	**2,106**	**–**
Sales of polysilicon	**32,172**	**–**
Power storage products	**–**	**24,225**
Revenue on power generation	**–**	**3,040**
Service income for investment, development, construction and operation of solar photovoltaic power stations	**–**	**2,310**
Sales of others	**441**	**–**
Total revenue	**37,270**	**29,575**
Geographical markets		
PRC (including Hong Kong SAR)	**37,139**	**28,849**
Malaysia	**–**	**726**
Korea	**131**	**–**
Total revenue	**37,270**	**29,575**
Timing of revenue recognition		
At a point in time	**37,270**	**27,588**
Overtime	**–**	**1,987**
Total revenue	**37,270**	**29,575**

B. For the six months ended 30 June 2018

(i) Disaggregation of revenue from contracts with customers

	For the six months ended 30 June 2018	
	Upstream business *RMB'000* (Unaudited)	Downstream solar and power storage *RMB'000* (Unaudited)
Types of goods or service		
Sales of monocrystalline solar wafers	48,763	–
Sales of monocrystalline solar ingots	6,495	–
Sales of polysilicon	4,633	–
Sales of solar modules	2,740	–
Power storage products	–	31,467
Revenue on power generation	–	4,408
Service income for investment, development, construction and operation of solar photovoltaic power stations	–	1,427
Sales of others	313	–
Total revenue	62,944	37,302
Geographical markets		
PRC (including Hong Kong SAR)	57,322	37,302
Japan	5,622	–
Total revenue	62,944	37,302
Timing of revenue recognition		
At a point in time	62,944	36,686
Overtime	–	616
Total revenue	62,944	37,302

4B. SEGMENT INFORMATION

The Group is principally engaged in research, production and sales of efficient mono-crystalline products, provision of services for investment, development, construction and operation of solar photovoltaic power stations and the research, production and sales of power storage products. The Group has two operating and reportable segments for financial reportable purpose for the six months ended 30 June 2019. The Group's segment loss is the loss before tax of the Group.

The Group's reportable and operating segments are as follows:

i. Upstream — Production and sales of efficient mono-crystalline products, trading of solar products.

ii. Downstream solar and power storage — Provision of services for investment, development, construction and operation of solar photovoltaic power stations, production and sales of the power storage products in the current interim period.

Segment revenues and results

	Upstream *RMB'000* **(Unaudited)**	**Downstream Solar and Power Storage** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
For the six months ended 30 June 2019:			
Revenue	**37,270**	**29,575**	**66,845**
Cost of sales and services	**(43,220)**	**(23,704)**	**(66,924)**
Segment (loss) profit	**(5,950)**	**5,871**	**(79)**
Other income			**4,409**
Other gains and losses			**17,936**
Distribution and selling expenses			**(1,972)**
Administrative expenses			**(32,113)**
Research and development expenses			**(1,823)**
Share of loss of joint ventures			**(128)**
Finance costs			**(12,982)**
Loss before taxation			**(26,752)**

	Upstream *RMB'000* (Unaudited)	Downstream Solar and Power Storage *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
For the six months ended 30 June 2018:			
Revenue	62,944	37,302	100,246
Cost of sales and services	(79,942)	(28,149)	(108,091)
Segment (loss) profit	(16,998)	9,153	(7,845)
Other income			8,936
Other gains and losses			(44,205)
Distribution and selling expenses			(2,534)
Administrative expenses			(48,794)
Research and development expenses			(2,922)
Share of profit of joint ventures			398
Finance costs			(7,278)
Loss before taxation			(104,244)

The accounting policies of the operating segments are similar to those of the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of other income, other gains and losses, distribution and selling expenses, administrative expenses, research and development expenses, share of profit of associates and finance costs. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment.

No analysis of segment assets and liabilities are presented as it is not regularly reviewed by the Group's chief operating decision maker.

5. OTHER INCOME

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants *(Note)*	**1,598**	6,146
Rental income	**2,282**	2,002
Interest income	**212**	95
Others	**317**	693
	4,409	8,936

Note: The amounts mainly represent the local government grants to attract high-quality personnel to support the activities carried out by the Group in business of high-technology advancement. No specific conditions were attached to the grants.

6. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange loss	**(536)**	(4,698)
Gain (loss) on disposal of property, plant and equipment	**4,274**	(70)
Reverse of (allowance) for trade and other receivables *(Note 14)*	**304**	(17,533)
Impairment losses recognised in respect of advance to suppliers	**–**	(3,200)
Loss on disposal of subsidiaries	**–**	(1,402)
Loss recognised in respect of goodwill	**–**	(39,025)
Loss recognised in respect of intangible assets	**–**	(41,769)
Gain on fair value changes of contingent consideration payables	**5,936**	63,492
Gain on fair value change of embedded derivatives of convertible bonds	**4,469**	–
Gain on payables waived by a counterparty	**3,517**	–
Others	**(28)**	–
	17,936	(44,205)

7. FINANCE COSTS

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on borrowings	**8,244**	8,036
Interest expense on convertible bonds	**3,807**	–
Interest expense on leases liabilities	**931**	–
Interest expense on finance leases	**–**	198
Less: amounts capitalised in the cost of qualifying assets	**–**	(956)
	12,982	7,278

8. LOSS BEFORE TAXATION

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss before taxation has been arrived at after charging:		
Cost of inventories recognised as expense	**63,996**	106,689
Depreciation of property, plant and equipment	**8,165**	8,230
Depreciation of right-of-use assets	**2,243**	–
Release of prepaid lease payments	**–**	117
Amortisation of intangible assets	**932**	11,325
Research and development expenses	**1,823**	2,922

9. TAXATION

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
The PRC Enterprise Income Tax	**30**	–
Under provision in prior years	**–**	809
Deferred tax:		
Current period	**(129)**	(48)
Tax (benefit) expense for the current period	**(99)**	761

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 PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the six months ended 30 June 2019 and 30 June 2018. There is no provision for Hong Kong profits tax since the Group entities incorporated in Hong Kong incurred tax losses for both periods.

10. DEEMED DISPOSAL OF PARTIAL EQUITY INTEREST OF A SUBSIDIARY WITHOUT LOSING CONTROL

During the current interim period, the Group disposed its 9.9% equity interests in Zhenjiang Kexin Power System Design and Research Company Limited ("Kexin") to an independent third party named The9 Limited ("The9") through The9's wholly owned subsidiary named 1111 Limited at a consideration of RMB9.8 million. The consideration was satisfied by the allotment and issue of 3,444,882 ordinary shares of The9 at the issue price of approximately USD0.41 per ordinary share. As a result, the Group's total equity interests in Kexin were reduced to 53.1% and Kexin still remains as a subsidiary of the Group.

11. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2019 and 2018.

12. 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:

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(23,958)**	(100,621)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,097,703,580**	2,097,703,580

The outstanding share options of the Company and the convertible bonds have not been included in the computation of diluted earnings per share as they did not have a dilutive effect on the Company's loss per share for the six months ended 30 June 2019 and 30 June 2018 since their exercise prices were higher than the average market prices of the shares of the Company or they will decrease the loss per share of the Group.

13. PROPERTY, PLANT AND EQUIPMENT, DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

(a) Property, plant and equipment

During the current interim period, the Group acquired manufacturing equipment and incurred construction costs for power stations of approximately RMB1,364,000 (corresponding period of 2018: RMB60,661,000).

In addition, the Group disposed certain of its equipment and machinery with a carrying amount of approximately RMB747,000 (corresponding period of 2018: RMB275,000) which resulted in a gain of approximately RMB4,274,000 (corresponding period of 2018: a loss of RMB70,000).

(b) Deposit paid for acquisition of property, plant and equipment

During the current interim period, the Group spent approximately RMB176,000 (six months ended 30 June 2018: RMB1,627,000) on deposits paid for acquisition of property, plant and equipment.

(c) Right-of-use assets

As stated in Note 3.1, the Group recognised right-of-use assets amounting to RMB28,374,000 at 1 January 2019.

During the current interim period, the Group entered into some new lease agreements for the use of office with lease term of more than 1 year. On lease commencement, the Group recognised RMB11,176,000 of right-of-use asset relating to operating leases, considering the discounting effect adjustment to refundable rental deposits amounting to RMB63,000 and RMB11,113,000 of lease liabilities.

14. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLE

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
Trade receivables	**51,865**	61,536
Written off	**–**	(131)
Less: allowance for credit losses	**(25,254)**	(25,558)
	26,611	35,847
Value-added-tax recoverable	**31,968**	32,412
Other receivables	**6,585**	6,948
	65,164	75,207
Bills receivable	**150**	–

The Group requested prepayment from customers before delivery of goods and allows a credit period of 7 to 180 days for the remaining balance 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 dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Age		
0 to 30 days	**3,604**	2,805
31 to 60 days	**6,491**	7,656
61 to 90 days	**4,307**	1,052
91 to 180 days	**7,803**	12,260
Over 180 days	**4,406**	12,074
	26,611	35,847

The movement in the allowance for expected credit losses ("ECL") in respect of trade receivables in accordance with the simplified approach set out in IFRS 9 during the current interim period was as follows:

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	**25,558**	8,635
(Reverse of) impairment loss recognised on receivables	**(304)**	17,054
Amounts written off as uncollectible	**–**	(131)
Balance at end of the reporting period	**25,254**	25,558

15. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In April 2019, the Group entered into a proposed agreement with an independent third party to dispose certain solar power stations owned by the Group. It is expected that the power stations would be disposed within twelve months and therefore they were reclassified as assets held for sale and are separately presented in the condensed consolidated statement of financial position.

Major classes of assets held for sale as at the end of the current interim period are as follows:

	30 June 2019
	RMB'000
Property, plant and equipment	**2,020**
Right-of-use assets	**3,415**
Total assets classified as held for sale	**5,435**

16. EQUITY INSTRUMENT AT FVTPL

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Equity instrument at FVTPL	**9,868**	–

As stated in note 10, the Group has obtained the equity investments of The9 in total amount of RMB9,868,000 upon the completion of the 9.9% equity interest disposal of Kexin during the current interim period. The equity instrument of The9 was classified as financial assets at FVTPL and measured at fair value through profit or loss subsequently, the fair value change of the equity instrument is insignificant for the current interim period.

17. TRADE AND OTHER PAYABLES

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**64,770**	79,148
Payables for acquisition of property, plant and equipment	**28,095**	39,177
Other payables and accrued charges	**25,972**	20,743
	118,837	139,068

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

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Age		
0 to 30 days	**10,146**	20,788
31 to 60 days	**546**	5,571
61 to 90 days	**4,043**	2,698
91 to 180 days	**8,608**	10,173
Over 180 days	**41,427**	39,918
	64,770	79,148

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

18. CONTINGENT CONSIDERATION PAYABLES

The movement of the contingent consideration payables is analysed as:

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
At the beginning of the period/year	**5,936**	51,989
Change in fair value *(Note)*	**(5,936)**	(46,053)
At the end of the period/year	**–**	5,936
Analysed as:		
Current portion	**–**	5,936
	–	5,936

The contingent consideration arose from the issue of ordinary shares of the Company on earn-out basis in relation to the business acquisitions. The contingent consideration is classified as a financial instrument (financial liability at fair value through profit or loss) and recognised in the condensed consolidated statement of financial position at fair value. The fair value of the contingent consideration at the date of initial recognition and as at 30 June 2019 are based on the valuation performed by the change of the price of share and the exchange rate of HKD/RMB.

Note: Due to the actual performance in the current interim period didn't meet the expectation and below the business forecast, so the contingent consideration payable relating to the acquisition was fully reversed during the current interim period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Period, the Group was still under a process to restructure its manufacturing business and to embark on new business initiatives, including the downstream solar businesses which specifically focus on rooftop distributed generation projects in industrial, commercial and residential buildings as well as its lithium batteries systems businesses for electric vehicles and power storage customers.

Certain policies issued by the Chinese government in 2018 still caused disruptions in the solar industry. Such policies are expected to continue to reduce feed-in-tariffs in China. It negatively impacted the industry demand and selling price of upstream products. However, despite the short-term impacts caused by the new solar PV policies issued by the Chinese government, we still remain confident in the long-term sustainable growth of the industry as solar PV is becoming increasingly cost competitive. We proactively execute various strategies to navigate this challenging period in the industry.

In order to enhance our profit amounts and profitability, the Group made continuous efforts to develop our downstream solar businesses which specifically focused on rooftop distributed generation projects on industrial and commercial buildings. As at 30 June 2019, the Group has completed grid connection for its downstream rooftop distributed generation projects of approximately 15.3 MW which are mainly located in the regions of Jiangsu, Guangdong, Fujian, and Tianjin. The Group plans to gradually sell these completed projects to institutional investors to realize the revenues and profits from development, construction and investment of these projects. As at 30 June 2019, the Group has sold grid-connected downstream rooftop distributed generation projects of approximately 5.0 MW in aggregate, and concurrently we are exploring with certain institutional investors the possibility of selling the remaining completed projects to them. This will be one of the major sources of our revenues if the proposed sales come into fruition in future.

In addition, we have started certain projects of approximately 19.6 MW which we have completed initial designs, roof load assessments, execution of power purchase agreements and roof lease agreements, applications for grid connection permits as well as NDRC filings. Such projects are ready for constructions to commence. We have also started other projects of approximately 7.4 MW which, subject to administrative procedures such as applications for grid connection permits and NDRC filings, are ready for constructions to commence in few months' time. These to-build projects are mainly located in the regions of Zhejiang, Jiangsu, Shandong, Anhui, Hebei, Henan, Shanghai, Hubei, and Tianjin. We plan to sell those project companies holding the aforesaid to-build projects to various institutional investors subject to us being their main contractor in completion of these projects. In providing our services, we will charge all project costs plus our service fees covering: 1) project development, 2) engineering, purchasing, and constructions (the "EPC") management and 3) project management of such projects. The purchasers of the to-build projects holding companies should pay us in several instalments depending on construction progress milestones. This can provide our cashflow management with more flexibility. We expect this business model will be the major focus of our downstream business in the future.

On 18 September 2017 (after trading hours), Comtec Renewable Energy Group Limited, a wholly-owned subsidiary of the Company, and Macquarie Capital entered into a shareholders' agreement, pursuant to which they agreed to form Future Energy Capital which was a co-investment vehicle for developing and expanding the downstream solar business. Future Energy Capital specifically focuses on rooftop distributed generation projects on industrial, commercial and residential buildings, and in particular focuses on the development, project management and construction of distributed solar generated power projects in the PRC with an aggregate capacity of 30–40 MW. Future Energy Capital has established its investment platform in China and was in the process to build up its own project portfolio. As of 30 June 2019, the Group has transferred certain grid-connected downstream rooftop distributed generation projects of approximately 5.0 MW in aggregate to the Future Energy Capital. Pursuant to the same shareholders' agreement, Future Energy Capital has the right of first refusal to acquire our projects upon terms no less favorable than the best offer from other potential purchasers. This can provide us, on top of the strategic partnership with Macquarie Capital, with more opportunities in selling our projects at the best possible terms offered in the market.

The Company also successfully completed construction of a solar power rooftop distributed generation project in Tianjin in June 2019. Pursuant to an electricity supply agreement entered into by, amongst others, Tianjin Comtec and Tianjin Shell, the solar power generation station was constructed by Tianjin Comtec to supply Tianjin Shell with solar power electricity for a term of 20 years. The solar power generation station was constructed on a roof covering an area of approximately 21,129 square meters and its scale is approximately 1.1 MW.

On 23 November 2018 (after trading hours), Comtec Clean Energy, Lu Ke Ya and Kexin entered into a capital injection agreement with ISDN in relation to the injection of capital by ISDN to the registered capital of Kexin. Pursuant to the same capital injection agreement, ISDN agreed to subscribe for 10% of the enlarged registered share capital of Kexin. ISDN contributed RMB4,444,444.0 in cash to the capital of Kexin in March 2019 and has since been a registered shareholder of Kexin holding 10% equity interest in Kexin. Please refer to the announcement of the Company dated 23 November 2018 for further details.

On 17 June 2019 (after trading hours), Comtec Windpark Renewable entered into a share purchase agreement with The9 and 1111 in relation to the transfer of 9.9% equity interest in Kexin. Pursuant to the said share purchase agreement, The9 and 1111 collectively agreed to purchase the entire issued share capital of Comtec Solar China at a consideration of RMB9.8 million, which shall be satisfied by allotment and issue of 3,444,882 Class A ordinary shares in the capital of The9 to the Company at the issue price of approximately US$0.41 per ordinary share. The9 is an exempted company with limited liability incorporated under the laws of the Cayman Islands which has American depositary shares listed on the NASDAQ under trading symbol "NCTY". The9 is principally engaged in the development and operation of online games and Internet and website related businesses in the PRC and currently committed to invest in electric vehicle businesses. As of 17 June 2019, Comtec Solar China directly owned 9.9% of the registered capital and equity interest in Kexin. Please refer to the announcement of the Company dated 17 June 2019 for further details.

We expect the developments and growth prospects of the electric vehicle industry and the power storage industry would drive the growth and profitability of Kexin in future. We have noted material increases in enterprise value of Kexin after our acquisition of its equity interests in 2017.

The above progress marked the Group's continuous efforts to develop and expand its new business initiatives. It would fuel the growth of the Group and enhance our profitability in future.

During the Period, we continued to reduce our fixed costs of operation and our fixed assets in the manufacturing business segment. We also actively looked for opportunities to out-source production procedures to third party processing agents whenever it is in our commercial interests. We believe outsourcing our production procedures would be more cost effective when there are excess production capacities in market. We keep on reducing head counts and disposing of fixed assets which were low in utilization. We also rented out certain idle spaces in our factories and intended to continue doing the same. We would also consider disposing of our factories in Shanghai and Haian, if we have received an attractive offer from any potential buyer. We have kept on executing comprehensive strategies to improve our operating efficiencies so as to remain flexible and enable us to rapidly adapt our business to the challenging industry environment.

During the Period, we were free from the impact of long-term purchase agreements for polysilicon which led to substantial amount of losses of the Group in the last few years. This would give the Group more flexibility in managing its supply chain to adapt to the market situations and benefit from the decreasing spot prices of raw materials. In addition, we have concluded a re-negotiation with a long-term supplier in December 2018 which enabled us to substantially realize our remaining amounts of prepayments made to that supplier in previous years. An amount of approximately US$5.1 million has been offset with the full amount of our purchase of polysilicons from the supplier throughout the first quarter of 2019.

On 19 June 2019 (after trading hours), Sun Winning Limited and Mr. Hung Kwok Wing, both independent third parties, and the Company entered into subscription agreements, pursuant to which the Company conditionally agreed to allot and issue 72,727,273 subscriptions shares at subscriptions prices of HK$0.055 per share to each of Sun Winning Limited and Mr. Hung Kwok Wing, respectively. The subscriptions were completed on 17 July 2019, generating net proceeds of approximately HK$7.8 million, which represented a net subscription price of approximately HK$0.054 per subscription share. The net proceeds were intended to be used as general working capital of the Group, and as at the date of this announcement, the net proceeds have been used as generally working capital of the Group. Please refer to the announcements of the Company dated 19 June 2019 for further details.

On 20 June 2019 (after trading hours), Mr. Dai Ji, an independent third party, and the Company entered into another subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue 270,000,000 subscriptions shares at subscriptions prices of HK$0.055 per share to Mr. Dai Ji. The subscription were completed on 19 August 2019 with the 270,000,000 subscription shares allotted and issued to Mr. Dai Ji, generating the net proceeds of approximately HK$14.65 million which represented a net subscription price of approximately HK$0.054 per subscription share. The net proceeds are expected to be used for the Group's development, construction and investment of downstream projects. As at the date of this announcement, an amount of approximately RMB2.8 million has been used have been used for the Group's development, construction and investment of downstream projects and the remaining amount is expected to be used in the same purposes. Please refer to the announcements of the Company dated 20 June 2019 for further details.

On 5 July 2019 (after trading hours), the Board announced that it proposed to implement the Share Consolidation on the basis that every four issued and unissued then existing shares with a par value of HK$0.001 each will be consolidated in to one consolidated share with a par value of HK$0.004 each. The Board also proposed to change the board lot size for trading on the Stock Exchange from 2,000 then existing shares to 10,000 consolidated shares. It is expected to bring about a corresponding upward adjustment in trading price per consolidated share on the Stock Exchange and increase the trading value of each board lot. The Board was also of the view that it would enhance the Company's corporate image and therefore attract investors to invest in the Company which is beneficial to both the Company and the Shareholders. Also, such proposed changes would allow the Company to comply with the relevant Listing Rules. The Share Consolidation became effective on 28 August 2019. Please refer to the announcements of the Company dated 5 July 2019 and 26 August 2019, and the circular of the Company dated 9 August 2019 for further details.

Given the current industry environment, it is clear that strict financial discipline is essential to success. Our financial position will be further improved after the closing of the Subscriptions. In addition, we implemented and will continue to implement a balanced financing plan to support our business operation.

Revenues from our top five customers during the Period represented approximately 60.5% of our total revenues, compared to approximately 75.7% in the corresponding period last year. The sales to our largest customer accounted for approximately 17.0% of our total revenues in the Period, as compared to approximately 30.0% in the corresponding period in 2018.

We intend to explore further opportunities and make further expansion into the new business initiatives to fuel the growth of our businesses. To leverage on our advanced technological capabilities, high quality product offerings, premium customer bases, deep industrial experiences and the strategic partnership with reputable institutional investors, we are confident to capture enormous opportunities in the solar industry and to drive continued and healthy growth for the Group in the future.

Financial Review

Revenue

Revenue decreased by RMB33.4 million, or 33.3%, from RMB100.2 million for the corresponding period in 2018 to RMB66.8 million for the Period, primarily as a result of the decrease in both selling price and sales volume of our upstream solar wafers and ingots, although such decrease was partially mitigated by the increase in revenue from our sales of polysilicon. During the Period, impacts from excess production capacity in market and negative government policies continued. This industry environment created uncertainties in the domestic solar market and negatively impacted industry demand and selling price of upstream products.

Revenue from sales of wafers decreased by RMB46.2 million, or 94.7%, from RMB48.8 million for the corresponding period in 2018 to RMB2.6 million for the Period. It was primarily the result of the decrease in both sales volume and average selling price of 156 mm x 156 mm monocrystalline solar wafers by approximately 91.1% and 42.9%, respectively, as compared to their respective sales during the corresponding period in 2018.

Revenue from sales of ingots decreased by RMB4.4 million, or 67.7%, from RMB6.5 million for the corresponding period in 2018 to RMB2.1 million for the Period, mainly due to the decrease in both sales volume and average selling price by approximately 26.6% and 55.6%, respectively.

Revenue from our downstream solar business mainly included solar project development service income and power generation income. Such incomes decreased by approximately RMB0.5 million, or 8.6%, from RMB5.8 million for the corresponding period in 2018 to RMB5.3 million for the Period. Such revenues decreased as we focused on developing our own projects instead of providing project development services to third parties during the Period. The developed projects can be sold to long term institutional investors at any stage even after completion of grid connections in the future. As of 30 June 2019, the Group has completed downstream projects of approximately 10.3 MW which are mainly located at the regions of Jiangsu, Guangdong, Fujian, and Tianjin. The Group plans to gradually sell these completed projects to institutional investors to realize the revenues and profits from development, construction and investment of these projects. As at 30 June 2019, the Group has sold grid-connected downstream rooftop distributed generation projects of approximately 5.0 MW in aggregate, and concurrently we are exploring with certain institutional investors the possibility of selling the remaining completed projects to them. In addition, we have started certain projects of approximately 19.6 MW which we have completed initial designs, roof load assessments, execution of power purchase agreements and roof lease agreements, applications for grid connection permits as well as NDRC filings. Such projects are ready for constructions to commence. We have also started other projects of approximately 7.4 MW which, subject to administrative procedures such as applications for grid connection permits and NDRC filings, are ready for constructions to commence in few months' time. These to-build projects are mainly located in the regions of Zhejiang, Jiangsu, Shandong, Anhui, Hebei, Henan, Shanghai, Hubei, and Tianjin. We plan to sell those project companies holding the aforesaid to-build projects to various institutional investors subject to us being their main contractor in completion of these projects. In providing our services, we will charge all project costs plus our service fees covering: 1) project development, 2) engineering, purchasing, and constructions (the "EPC") management and 3) project management of such projects. The purchasers of the to-build projects holding companies should pay us in several instalments depending on construction progress milestones. This can provide our cashflow management with more flexibility. We expect this business model will be the major focus of our downstream business in the future.

Our lithium batteries and power storage system business was acquired in October 2017. It mainly engages in the research and development, design, integration and sales of lithium battery management systems and lithium battery systems for electric vehicles (including electric cars, electric motors and electric bicycles) to electric vehicle manufacturers and for power storage systems to lithium battery manufacturers and to power storage companies. It recorded revenue of approximately RMB24.2 million for the Period, decreased by approximately RMB7.3 million, or 23.2%, from RMB 31.5 million for the corresponding period in 2018. We noted that customers requested extended payment terms during the Period. To avoid negative impacts to the working capital of the Group, the management controlled the sales volume of this business segment during the Period.

The decreases of revenue were partially mitigated by the increase in revenue from sales of polysilicon during the Period. Revenue from sales of polysilicon increased by RMB27.6 million, or 600%, from RMB4.6 million for the corresponding period in 2018 to RMB32.2 million for the Period. We concluded a re-negotiation with a long term-supplier in December 2018 which enable us to substantially realize the remaining amounts of our prepayments made to that supplier in previous years. We can offset the full amount of our purchase of polysilicon from the supplier against our remaining amounts of prepayments. Thus, we have increased the purchase volume and sell the polysilicons to our customers for cash.

Revenue by geographical market

In relation to the geographical analysis of our revenue, approximately 98.7% (2018: 94.4%) of total revenue for the Period was generated from our sales in China. The remaining portion was mainly generated from our sales to the Malaysia-based customer.

Cost of sales and services

Cost of sales and services decreased by RMB41.2 million, or 38.1%, from RMB108.1 million for the corresponding period in 2018 to RMB66.9 million for the Period, which was generally in line with the decrease of revenue for the Period. The decrease in cost of sales and services was primarily the result of the decrease in sales volume of our upstream solar businesses, including sales of wafers, ingots as well as trading of solar modules which also resulted in decrease in revenue of approximately RMB33.4 million, or 33.3%, from the corresponding period in 2018. The industry landscape for upstream solar manufacturing business was still challenging during the Period and the policies issued by the Chinese government in 2018 still negatively impacted industry demand and selling price of upstream products. The Group also paid continuous efforts to reduce costs of sales and to improve our cost effectiveness.

Inventory provision of approximately RMB1.3 million was recorded during the Period, comparing to an amount of approximately RMB17.0 million recorded for the corresponding period in 2018, and was included in the cost of sales and services. Overall, the year-on-year decrease in costs of sales and services of approximately 38.1% was slightly more than the year-on-year decrease in revenue of approximately 33.3%.

Gross (loss)/profit

During the Period, the Group recorded gross loss of approximately RMB0.1 million, representing a decrease by approximately RMB7.7 million, or 98.7%, from approximately RMB7.8 million for the corresponding period in 2018. It was primarily due to the aforementioned factors.

Other income

Other income decreased by RMB4.5 million, or 50.6%, from RMB8.9 million for the corresponding period in 2018 to RMB4.4 million for the Period, which was mainly due to the decrease in government subsidy incomes received during the Period.

Other gains and losses

Other gains were approximately RMB17.9 million during the Period, representing a turnaround from other losses of RMB44.2 million for the corresponding period in 2018. For the Period, the other gains mainly included: (i) gain on disposal of property, plant and equipment of approximately RMB4.3 million and (ii) gain on fair value changes of the embedded derivatives of approximately RMB4.5 million and (iii) gain on fair value changes of the contingent consideration payables and related deferred tax liability of approximately RMB5.9 million. Other losses for the corresponding period in 2018 mainly included: (i) impairments on goodwill and intangible assets of approximately RMB80.8 million which was partially offset by (ii) the gain realized in respect of contingent consideration payables and its fair value changes of approximately RMB63.5 million and (iii) bad debt provisions of approximately RMB17.5 million, and (iv) impairment on advance to a supplier of approximately RMB3.2 million. Such losses were not incurred during the Period. Thus, the Group had turned turnaround and achieved other gains of approximately RMB17.9 million during the Period from the other losses of approximately RMB44.2 million for the corresponding period in 2018.

Gain on disposals of fixed assets

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. During the Period, the Group recorded gains of approximately RMB4.3 million form the disposal of certain fixed assets.

Gain on fair value changes of the embedded derivatives

The Convertible Bonds contain two components, debt component and derivative component. At the date of issue, both the debt component and derivative components are recognised at fair value. In subsequent periods, the debt component of the convertible bonds is carried at amortised cost using the effective interest method. The effective interest of debt component is 12.44%. The derivative component is measured at fair value with changes in fair value recognised in profit or loss. During the Period, the Group recorded gains from fair value changes of the embedded financial derivatives of approximately RMB4.5 millions.

Gain on fair value changes of contingent consideration payables and related deferred tax liability

The contingent consideration arose from the issue of ordinary shares of the Company on earn-out basis in relation to the business acquisitions. The contingent consideration is classified as a financial instrument (financial liability at fair value through profit or loss) and recognized in the condensed consolidated statement of financial position at fair value. The fair value of the contingent consideration at the date of initial recognition and as of 30 June 2019 are based on the valuation performed by the change of the price of share and the exchange rate of HKD/RMB.

Due to the change of industry environment and the release of certain government policy on 31 May 2018, which has negative impact on installation quotas of distributed generation projects in the foreseeable future, the actual performance in the Period did not meet the expectation of the Board and did not reach the business level forecasted, so the contingent consideration payable of approximately RMB5.9 million relating to the acquisition was fully reversed during the Period.

Distribution and selling expenses

Distribution and selling expenses decreased by RMB0.5 million, or 20%, from RMB2.5 million for the corresponding period in 2018 to RMB2.0 million during the Period, primarily due to the decrease in sales volume as well as sales and market expense on the upstream solar manufacturing business during the Period. The Group also spent continuous efforts to reduce operating expenses.

Administrative and general expenses

Administrative and general expenses decreased by RMB16.7 million, or 34.2%, from RMB48.8 million for the corresponding period in 2018 to RMB32.1 million for the Period, which was mainly due to the decrease in non-cash accounting amortization expenses during the Period and the decrease in administrative and general expenses due to our continuous efforts to reduce operating expenses.

Interest expenses

Interest expenses increased by RMB5.7 million from RMB7.3 million for the corresponding period in 2018 to RMB13.0 million for the Period. It was mainly due to the interests expenses incurred for the Convertible Bonds issued in July 2018 and the bridging loans occurred during first half of 2019 for bank loan renewal.

Profit (Loss) before taxation

Loss before taxation was approximately RMB26.8 million for the Period, representing a decrease by approximately RMB77.4 million, or 74.3%, from approximately RMB104.2 million for the corresponding period in 2018, primarily attributable to the aforementioned factors.

Taxation

The Group incurred taxation credits of approximately RMB0.1 million during the Period, decreasing from taxation expenses of approximately RMB0.8 million for the corresponding period in 2018. It was mainly due to the reverse of deferred tax liabilities in prior periods.

Profit (Loss) for the period

The Group recorded loss and total comprehensive expenses attributable to the owners of the Company of approximately RMB24.0 million during the Period, representing a decrease by approximately RMB76.6 million, or 76.1%, from approximately RMB100.6 million for the corresponding period in 2018, primarily attributable to the aforementioned factors. Accordingly, the Group recorded loss and total comprehensive expenses margin of 35.8% for the Period, as compared to the net losses margin of 100.4% for the corresponding period in 2018.

Interim dividend

The Board resolved not to declare an interim dividend for the Period (six months ended 30 June 2018: nil).

Inventory turnover days

There was a decrease in inventory balance of 44.7% from RMB18.8 million as of 31 December 2018 to RMB10.4 million as of 30 June 2019, which was mainly due to the Group's efforts to downsize the scale of its traditional manufacturing wafer business and to reduce its inventory level. The inventory turnover days as of 30 June 2019 totaled 28 days (31 December 2018: 38 days).

Trade receivable turnover days

There was an decrease in trade receivable balance of 25.7% from RMB35.8 million as of 31 December 2018 to RMB26.6 million as of 30 June 2019, which was mainly due to our efforts to reduce the receivable balances to better adapt to the changes of industry environment during the Period. The trade receivable turnover days as of 30 June 2019 totaled 72 days (31 December 2018: 76 days). The Group has closely supervised the repayment status of debtor balances. The credit period granted to customers is approximately 7 to 180 days on case-by-case basis. The average receivable turnover days were approximately 72 days which was within the credit periods of the Group grants to its customers.

Trade payable turnover days

There was an decrease in trade payable balance of 18.1% from RMB79.1 million as of 31 December 2018 to RMB64.8 million as of 30 June 2019, which was mainly due to the downsize of our manufacturing business during the Period. The trade payable turnover days as of 30 June 2019 totaled 175 days (31 December 2018: 162 days). The Group has obtained continuous supports from suppliers during the challenging industry environment.

Liquidity and financial resources

The Group's principal sources of working capital included cash flow from operating activities, bank borrowings and the proceeds from issue of equity or debt securities. During the Period, the Group achieved net cash inflow from operating activities of approximately RMB17.8 million (the corresponding period in 2018: approximately RMB8.5 million). As of 30 June 2019, the Group maintained pledged bank deposits, equity instrument at fair value through profit and loss ("FVTPL") and bank balances and cash of approximately RMB35.2 million (31 December 2018: approximately RMB30.1 million). As of 30 June 2019, the Group recorded bank borrowings of approximately RMB166.4 million (31 December 2018: approximately RMB175.6 million) including short-term borrowings of approximately RMB161.3 million (31 December 2018: approximately RMB170.2 million) which would be due within one year and shown under current liabilities. As of 30 June 2019, the Group recorded long-term convertible bonds of approximately RMB72.4 million (31 December 2018: approximately RMB72.9 million) which would be due in July 2021. As of 30 June 2019, the Group's current ratio (current assets divided by current liabilities) was 0.5 (31 December 2018: 0.5). The Group had a working capital deficit (total consolidated current liabilities exceeded total consolidated current assets) of RMB176.2 million as of 30 June 2019 (31 December 2018: approximately RMB177.4 million). However, the Group still maintained net assets of approximately RMB49.7 million as of 30 June 2019 (31 December 2018: approximately RMB57.7 million).

On 19 June 2019 (after trading hours), Sun Winning Limited and Mr. Hung Kwok Wing, both independent third parties, and the Company entered into subscription agreements, pursuant to which the Company conditionally agreed to allot and issue 72,727,273 subscriptions shares at subscriptions prices of HK$0.055 per share to each of Sun Winning Limited and Mr. Hung Kwok Wing, respectively. The subscriptions were completed on 17 July 2019, generating net proceeds of approximately HK$7.8 million, which represented a net subscription price of approximately HK$0.054 per subscription share. The net proceeds were intended to be used as general working capital of the Group, and as at the date of this announcement, the net proceeds have been used as generally working capital of the Group. Please refer to the announcements of the Company dated 19 June 2019 for further details.

On 20 June 2019 (after trading hours), Mr. Dai Ji, an independent third party, and the Company entered into another subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue 270,000,000 subscriptions shares at subscriptions prices of HK$0.055 per share to Mr. Dai Ji. The subscription were completed on 19 August 2019 with the 270,000,000 subscription shares allotted and issued to Mr. Dai Ji, generating the net proceeds of approximately HK$14.65 million which represented a net subscription price of approximately HK$0.054 per subscription share. The net proceeds are expected to be used for the Group's development, construction and investment of downstream projects. As at the date of this announcement, an amount of approximately RMB2.8 million has been used have been used for the Group's development, construction and investment of downstream projects and the remaining amount is expected to be used in the same purposes. Please refer to the announcements of the Company dated 20 June 2019 for further details.

The financial positions of the Company would be improved by the closing of the Subscriptions mentioned above. Although there is no assurance that the Group will be able to raise capital when we require additional funding, historically, the Group has been able to raise capital in each of last few years when required. The Group has assumed it will continue to be able to do so for the foreseeable future.

In addition, although there is no assurance that the Company will be able to refinance its short-term bank loans when they become due, historically, the Group has rolled over or obtained replacement borrowing from existing credit for most of its short-term bank loans upon the maturity date of the loans. As of the date of this announcement, the Group has renewed approximately RMB143.8 million of our short-term bank loans with one of our principal banks in PRC during 2019. According to the latest discussion with the bank, which provides us with short-term bank loans in PRC, they would still maintain such historical practices. The Group, thus, has assumed that it will continue be able to do so for the foreseeable future.

Also, we had downstream projects with net book value of approximately RMB60.6 million as of 30 June 2019. We plan to sell such projects gradually and we are in discussion with certain institutional investors in relation to the project sales. We also plan to dispose other assets and properties when we receive attractive offers or require additional funding. As we are in the process of downsizing our manufacturing business and to dispose of assets and properties with low utilization, we would also consider to dispose our factories at Shanghai and Haian with net book value of approximately RMB174.6 million in total as of 30 June 2019 (included buildings, investment properties, and right-of-use assets in the financial statements), if we receive an attractive offer from potential buyers.

On 17 June 2019 (after trading hours), Comtec Windpark Renewable entered into a share purchase agreement with The9 and 1111 in relation to the transfer of 9.9% equity interest in Kexin. Pursuant to the said share purchase agreement, The9 and 1111 collectively agreed to purchase the entire issued share capital of Comtec Solar China at a consideration of RMB9.8 million, which shall be satisfied by allotment and issue of 3,444,882 Class A ordinary shares in the capital of The9 to the Company at the issue price of approximately US$0.41 per ordinary share. The9 is an exempted company with limited liability incorporated under the laws of the Cayman Islands which has American depositary shares listed on the NASDAQ under trading symbol "NCTY". Please refer to the announcement of the Company dated 17 June 2019 for further details. We plan to dispose of the shares of The9 and to utilize the proceeds for the same as working capital for operations of the Group.

In addition, we concluded a re-negotiation with a long term-supplier in December 2018 which enable us to substantially realize the remaining amounts of our prepayments made to that supplier in previous years. An amount of approximately USD5.1million has been offset with the full amount of our purchase of polysilicon from the supplier during the first quarter of 2019. The Group has adopted strict control of operating and investing activities in order to continuously improve our financial positions.

The Group would implement a balanced financing plan to support our business operations.

Capital commitments

As of 30 June 2019, the Group's capital commitments were approximately RMB4.2 million (2018: nil), which were mainly related to the construction in process downstream projects. Such amounts are expected to be billed and booked as payables upon completion of such projects. The Group currently has no plan to further expand its production capacity of traditional solar manufacturing business. In addition, the Group would carefully plan for the expansion of its downstream solar business and power storage business which would depend on and subject to the market conditions and opportunities.

Contingent liabilities

As of 30 June 2019, there was no material contingent liability (31 December 2018: 5.9 million).

Related party transactions

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

Charges on group assets

As of 30 June 2019, the Group had restricted cash of approximately RMB22.3 million (31 December 2018: RMB22.1 million), and pledged its buildings, investment properties, right-of-use assets, assets held for sales, power station of downstream projects and account receivables of downstream revenue with net book values of approximately RMB89.0 million (31 December 2018: RMB90.9 million), approximately RMB86.0 million (31 December 2018: RMB86.0 million), approximately RMB33.9 million (31 December 2018: RMB13.5 million), approximately RMB3.4 million (31 December 2018: nil), approximately RMB7.3 million (31 December 2018: RMB7.5 million), and approximately RMB0.7 million (31 December 2018: RMB0.5 million), respectively, to banks to secure banking facilities granted to the Group. Save as disclosed above, as of 30 June 2019, no other assets of the Group were charged.

Significant acquisition and disposal of subsidiaries

During the Period, the Group did not have any significant acquisition but has disposed 9.9% of registered capital and equity interests in Kexin which is a non-wholly owned subsidiary of the Group.

On 17 June 2019 (after trading hours), Comtec Windpark Renewable entered into a share purchase agreement with The9 and 1111 in relation to the transfer of 9.9% equity interest in Kexin. Pursuant to the said share purchase agreement, The9 and 1111 collectively agreed to purchase the entire issued share capital of Comtec Solar China at a consideration of RMB9.8 million, which shall be satisfied by allotment and issue of 3,444,882 Class A ordinary shares in the capital of The9 to the Company at the issue price of approximately US$0.41 per ordinary share. The9 is an exempted company with limited liability incorporated under the laws of the Cayman Islands which has American depositary shares listed on the NASDAQ under trading symbol "NCTY". The9 is principally engaged in the development and operation of online games and Internet and website related businesses in the PRC and currently committed to invest in electric vehicle businesses. As of 17 June 2019, Comtec Solar China directly owned 9.9% of the registered capital and equity interest in Kexin. Please refer to the announcement of the Company dated 17 June 2019 for further details.

Use of proceeds

On 18 May 2018 (after trading hours), Putana Limited, an independent third party, and the Company entered into a subscription agreement in respect of the issue of convertible bonds in the aggregate principal amount of US$10.0 million due 2021 with interest rate per annum of 10.0%. The conversion price is HK$0.174 per share for a potential maximum amount of 451,137,931 conversion shares to be allotted and issued upon exercise in full of the conversion rights attached to the Convertible Bonds which represent (i) approximately 21.5% of the existing issued share capital of the Company as of the date of this announcement, and (ii) approximately 17.7% of the issued share capital as enlarged by the issue of the Conversion Shares in full. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges. The net proceeds from the issue of the Convertible Bonds was approximately US$9.9 million, 80% of which will be used for providing funding for Future Energy Capital and other downstream projects and 20% of which will be used as general working capital. The issue of Convertible Bonds was completed and closed on 31 July 2018. As of the date of this announcement, USD8.0 million had been used as funding for Future Energy Capital and other downstream projects and USD2.0 million had been used as working capital. Please refer to the announcements of the Company dated 18 May 2018 and the circular of the Company dated 9 July 2018 for further details.

On 19 June 2019 (after trading hours), Sun Winning Limited and Mr. Hung Kwok Wing, both independent third parties, and the Company entered into subscription agreements, pursuant to which the Company conditionally agreed to allot and issue 72,727,273 subscriptions shares at subscriptions prices of HK$0.055 per share to each of Sun Winning Limited and Mr. Hung Kwok Wing, respectively. The subscriptions were completed on 17 July 2019, generating net proceeds of approximately HK$7.8 million, which represented a net subscription price of approximately HK$0.054 per subscription share. The net proceeds were intended to be used as general working capital of the Group, and as at the date of this announcement, the net proceeds have been used as generally working capital of the Group. Please refer to the announcements of the Company dated 19 June 2019 for further details.

On 20 June 2019 (after trading hours), Mr. Dai Ji, an independent third party, and the Company entered into another subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue 270,000,000 subscriptions shares at subscriptions prices of HK$0.055 per share to Mr. Dai Ji. The subscription were completed on 19 August 2019 with the 270,000,000 subscription shares allotted and issued to Mr. Dai Ji, generating the net proceeds of approximately HK$14.65 million which represented a net subscription price of approximately HK$0.054 per subscription share. The net proceeds are expected to be used for the Group's development, construction and investment of downstream projects. As at the date of this announcement, an amount of approximately RMB2.8 million has been used have been used for the Group's development, construction and investment of downstream projects and the remaining amount is expected to be used in the same purposes. Please refer to the announcements of the Company dated 20 June 2019 for further details.

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

Human resources

As of 30 June 2019, the Group had 139 (31 December 2018: 166) employees. The remuneration of the existing employee includes basic salaries, discretionary bonuses and social security contributions. Payment levels of the employees are commensurate with their responsibilities, performance and contribution.

Details of the future investment plans for material investment

The Group is planning to further expand to the downstream solar business and the lithium batteries and power storage 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. The Group has yet to make any amount of capital commitments for its downstream solar business, other than the projects under constructions, and the lithium batteries system and power storage business which would depend on and be subject to the market conditions and opportunities. 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 recognized net exchange losses of approximately RMB0.5 million, which mainly arose from monetary assets and liabilities of the Group denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Important Events after the Period

On 19 June 2019 (after trading hours), Sun Winning Limited and Mr. Hung Kwok Wing, both independent third parties, and the Company entered into subscription agreements, pursuant to which the Company conditionally agreed to allot and issue 72,727,273 subscriptions shares at subscriptions prices of HK$0.055 per share to each of Sun Winning Limited and Mr. Hung Kwok Wing, respectively. The subscriptions were completed on 17 July 2019, generating net proceeds of approximately HK$7.8 million, which represented a net subscription price of approximately HK$0.054 per subscription share. The net proceeds were intended to be used as general working capital of the Group, and as at the date of this announcement, the net proceeds have been used as generally working capital of the Group. Please refer to the announcements of the Company dated 19 June 2019 for further details.

On 20 June 2019 (after trading hours), Mr. Dai Ji, an independent third party, and the Company entered into another subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue 270,000,000 subscriptions shares at subscriptions prices of HK$0.055 per share to Mr. Dai Ji. The subscription were completed on 19 August 2019 with the 270,000,000 subscription shares allotted and issued to Mr. Dai Ji, generating the net proceeds of approximately HK$14.65 million which represented a net subscription price of approximately HK$0.054 per subscription share. The net proceeds are expected to be used for the Group's development, construction and investment of downstream projects. As at the date of this announcement, an amount of approximately RMB2.8 million has been used have been used for the Group's development, construction and investment of downstream projects and the remaining amount is expected to be used in the same purposes. Please refer to the announcements of the Company dated 20 June 2019 for further details.

On 5 July 2019 (after trading hours), the Board announced that it proposed to implement the Share Consolidation on the basis that every four issued and unissued then existing shares with a par value of HK$0.001 each will be consolidated in to one consolidated share with a par value of HK$0.004 each. The Board also proposed to change the board lot size for trading on the Stock Exchange from 2,000 then existing shares to 10,000 consolidated shares. It is expected to bring about a corresponding upward adjustment in trading price per consolidated share on the Stock Exchange and increase the trading value of each board lot. The Board was also of the view that it would enhance the Company's corporate image and therefore attract investors to invest in the Company which is beneficial to both the Company and the Shareholders. Also, such proposed changes would allow the Company to comply with the relevant Listing Rules. The Share Consolidation became effective on 28 August 2019. Please refer to the announcements of the Company dated 5 July 2019 and 26 August 2019, and the circular of the Company dated 9 August 2019 for further details.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance in the interests of Shareholders. During the Period, the Company had complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

MODEL CODE

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the Period.

REVIEW OF INTERIM FINANCIAL STATEMENTS

Disclosure of financial information in this announcement complies with Appendix 16 of the Listing Rules. The audit committee of the Company has held meetings to discuss the internal controls, risk management and financial reporting matters of the Company, including the review of the unaudited interim results and the unaudited condensed consolidated interim financial statements of the Group for the Period.

INTERIM DIVIDEND

The Board resolved that since the Company plans to reserve the cash for working capital requirement and any potential investment opportunities in the future, no interim dividend will be declared for the six months ended 30 June 2019. The Company may consider its dividend policy in the future according to the financial results and performance of the Company, and the general industry and economic environment.

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

Save for the placing of new shares as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

DEFINITION

"1111"	1111 Limited, a company incorporated under the laws of Hong Kong
"Board" or "Board of Directors"	the board of Directors
"Company"	Comtec Solar Systems Group Limited
"Comtec Clean Energy"	Comtec Clean Energy Group Limited, a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
"Comtec Windpark Renewable"	Comtec Windpark Renewable (Holdings) Co Ltd, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company

"Convertible Bonds"	the convertible bonds in the aggregate principal amount of US$10.0 million due 2021 with interest rate per annum of 10.0% issued by the Company to Putana Limited, a company incorporated under the laws of British Virgin Islands and an independent third party, and such issuance was completed and closed on 31 July 2018
"Corporate Governance Code"	Code on corporate governance practices contained in Appendix 14 to the Listing Rules
"Directors(s)"	the director(s) of the Company
"Future Energy Capital"	Future Energy Capital Group Limited, a company incorporated under the laws of the British Virgin Islands and a co-investment vehicle established and owned by Comtec Renewable Energy Group Limited, a wholly-owned subsidiary of the Company, as to 50% and Macquarie Capital, as to 50%, respectively
"Group"	the Company and its subsidiaries
"HK$" and "HK cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the People's Republic of China
"ISDN"	ISDN Investments Pte Ltd, a company registered under the laws of the Republic of Singapore and a wholly-owned subsidiary of ISDN Holdings
"ISDN Holdings"	ISDN Holdings Limited, a company incorporated in the Republic of Singapore and dually listed on the Main Board of the Stock Exchange (stock code: 1656) and the Stock Exchange of Singapore (stock code: I07.SI)
"Kexin"	Zhejiang Kexin Power System Design and Research Company Limited* (鎮江科信動力系統設計研究有限公司), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Macquarie Capital"	Macquarie Corporate Holdings Pty Limited
"Model Code"	Model code for securities transactions by directors of listed issuers contained in Appendix 10 to the Listing Rules
"NDRC"	the National Development and Reform Commission of the PRC

"MW"	megawatt
"Period"	the six months ended 30 June 2019
"PRC" or "China"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"PV"	Photovoltaic
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	Ordinary share(s) of HK$0.004 each in the share capital of the Company
"Shareholder(s)"	Shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tianjin Comtec"	Tianjin Comtec Earth Shell Solar Technology Co., Ltd.* (天津卡姆丹克地殼光伏科技有限公司)
"Tianjin Shell"	Shell (Tianjin) Lubricants Co., Ltd* (殼牌(天津)潤滑油有限公司)
"The9"	The9 Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands which has American depositary shares listed on the NASDAQ under trading symbol "NCTY"
"USD"	United States dollars, the lawful currency of the United States of America
"*"	For identification only
"%"	per cent

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

Shanghai, the People's Republic of China, 30 August 2019

As at the date of this announcement, the executive Directors are Mr. John Yi Zhang, Mr. Zhang Zhen and Mr. Chau Kwok Keung, the non-executive Director is Mr. Wang Yixin, and the independent non-executive Directors are Mr. Leung Ming Shu, Mr. Kang Sun and Mr. Xu Erming.