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 UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

HIGHLIGHTS

- Revenue for the Period was approximately RMB93.0 million, representing a year-on-year decrease of 46.1% from approximately RMB172.6 million for the year ended 31 December 2018;

- Gross loss for the Period was approximately RMB1.2 million, representing a year-on-year decrease of 78.2%, from approximately RMB5.5 million for year ended 31 December 2018;

- Gross loss margin for the Period was approximately 1.3%, comparing to gross loss margin of 3.2% for the year ended 31 December 2018;

- Net losses attributable to the owners of the Company for the Period was approximately RMB122.1 million, representing a year-on-year decrease of approximately 32.1%, from approximately RMB179.9 million for the year ended 31 December 2018;

- Net losses margin attributable to the owners of the Company for the Period was approximately 131.3%, comparing to net loss margin of 104.2% for the year ended 31 December 2018;

- Our loss per share for the year was RMB21.56 cents, comparing to the adjusted loss per share of 34.3 cents for the year ended 31 December 2018; and

- Achieved net cash inflow from operating activities of approximately RMB15.4 million and maintained cash and restricted cash balances of approximately RMB25.7 million.

The unaudited consolidated annual results of the Company in this announcement have not been agreed with the auditors as required under Rule 13.49(2) of the Listing Rules. Publication of the Company's audited consolidated financial results for the year ended 31 December 2019 will be delayed due to the outbreak of COVID-19 which caused a disruption in the auditing process. Since the completion of the auditing process depends on the travel restrictions and quarantine arrangements in relation to COVID-19, it is challenging to estimate a completion date for the auditing process with certainty. However, the Group is closely monitoring the current situations in respect of the travel restrictions and quarantine arrangements both in Hong Kong and Mainland China and currently expects to publish the annual report for the Period containing all the information required by Appendix 16 to the Listing Rules (the "**Annual Report**") and the audited 2019 financial results of the Company on or before 30 April 2020.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of Comtec Solar Systems Group Limited, I am pleased to present the unaudited annual results of the Group for the Period. Here are some financial and business highlights for the year:

- Revenue for the Period was approximately RMB93.0 million, representing a year-on-year decrease of 46.1% from approximately RMB172.6 million for the year ended 31 December 2018;

- Gross loss for the Period was approximately RMB1.2 million, representing a year-on-year decrease of 78.2%, from approximately RMB5.5 million for year ended 31 December 2018;

- Gross loss margin for the Period was approximately 1.3%, comparing to gross loss margin of 3.2% for the year ended 31 December 2018;

- Net losses attributable to the owners of the Company for the Period was approximately RMB122.1 million, representing a year-on-year decrease of approximately 32.1%, from approximately RMB179.9 million for the year ended 31 December 2018;

- Net losses margin attributable to the owners of the Company for the Period was approximately 131.3%, comparing to net loss margin of 104.2% for the year ended 31 December 2018;

- Our loss per share for the year was RMB21.56 cents, comparing to the adjusted loss per share of 34.3 cents for the year ended 31 December 2018; and

- Achieved net cash inflow from operating activities of approximately RMB15.4 million and maintained cash and restricted cash balances of approximately RMB25.7 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 at 31 December, 2019, the Group has completed grid connection for its downstream rooftop distributed generation projects of approximately 16.7 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 31 December 2019, the Group has sold grid-connected downstream rooftop distributed generation projects of approximately 6.0 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 the future. In additions, we provide engineering, purchasing and construction ("EPC") services for downstream rooftop distributed generation projects to customers. We have completed projects of approximately 1.5 MW during the Period and the projects under construction were approximately 3.3 MW which were expected to be completed in the first half of 2020.

In addition, we have started certain projects of approximately 19.0 MW for 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 21.8 MW which, subject to administrative procedures such as applications for grid connection permits and NDRC filings, are ready for constructions to commence in a few months' time. These to-build projects are mainly located in the regions of Zhejiang, Jiangsu, Shandong, Anhui, Fujian, Tianjin, Hebei, Henan, Hubei, and Hunan. 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 completing of these projects. In providing our services, we will charge all project costs plus our service fees covering: (1) project development, (2) 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 cash flow management with more flexibility. We expect this business model will be the major focus of our downstream business in the future.

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. In October 2019, the Company also successfully completed construction of a solar power rooftop distributed generation project in Zhuhai. Pursuant to an electricity supply agreement entered into by, amongst others, Zhuhai Comtec and Zhuhai Shell, the solar power generation station was constructed by Zhuhai Comtec to supply Zhuhai 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 23,738 square meters and its scale is approximately 1.4 MW.

On 23 November 2018 (after trading hours), Comtec Clean Energy, Lu KeYa 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 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, which directly owned 9.9% of the registered capital and equity interest in Kexin, 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 investing in electric vehicle businesses. 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 to drive the growth and profitability of Kexin in the 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 the 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. Where appropriate, we reduce employee head counts and dispose 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 are also considering disposing of our factories in Shanghai and Haian, if we receive an attractive offer from any potential buyer. We have continued to execute 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. We plan to further reduce the scale of our remaining upstream manufacturing business which recorded operating losses in last few years.

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. Hong, 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 Unconsolidated Shares at subscription price of HK$0.055 per share to each of Sun Winning Limited and Mr. Hong. 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, all of 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 general working capital of the Group. Please refer to the announcement 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 Unconsolidated Shares at subscription price of HK$0.055 per share to Mr. Dai Ji. The subscription was completed on 19 August 2019 with the 270,000,000 Unconsolidated 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 Unconsolidated 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, all of the net proceeds have been used for the Group's development, construction and investment of downstream projects. Please refer to the announcement 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 into 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.

On 31 December 2019 (after trading hours), Mr. Sun Da, an independent third party, and the Company entered into a subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue 104,885,179 subscription shares at subscription price of HK$0.1 per share to Mr. Sun Da. The subscription was completed on 28 February 2020 with the 104,885,179 subscription shares allotted and issued to Mr. Sun Da, generating the net proceeds of approximately HK$10.3 million which represented a net subscription price of approximately HK$0.098 per subscription share. The net proceeds are expected to be used for the general working capital of the Group. As at the date of this announcement, an amount of approximately RMB5.2 million has been used as general working capital of the Group. Please refer to the announcement of the Company dated 2 January 2020 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, 31 March 2020

UNAUDITED ANNUAL RESULTS

The Board is pleased to announce the unaudited consolidated financial results of the Group for the Period, together with the comparative figures for the corresponding period in 2019. These results have been reviewed by the Company's audit committee, comprising all of the independent non-executive Directors, with one of them chairing the committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Note	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Revenue	*4 & 5*	**93,037**	172,617
Cost of sales and services		**(94,239)**	(178,138)
Gross loss		**(1,202)**	(5,521)
Other income	*6*	**10,584**	14,403
Other gains and losses	*7*	**(41,085)**	(64,120)
Reversal of impairment losses (impairment losses) on trade receivables, net		**619**	(17,054)
Distribution and selling expenses		**(4,109)**	(6,012)
Administrative expenses		**(66,710)**	(92,895)
Research and development expenses		**(3,561)**	(5,785)
Share of profit of a joint venture		**794**	1,339
Share of loss of an associate		**(21)**	–
Finance costs		**(24,856)**	(23,849)
Loss before tax	*8*	**(129,547)**	(199,494)
Income tax credit	*9*	**889**	12,912
Loss for the year		**(128,658)**	(186,582)
Loss for the year attributable to			
Owners of the Company		**(122,060)**	(179,882)
Non-controlling interests		**(6,598)**	(6,700)
		(128,658)	(186,582)
		RMB cents (Unaudited)	*RMB cents* (Adjusted)
Loss per share	*11*		
— Basic		**(21.56)**	(34.30)
— Diluted		**(21.56)**	(34.30)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss for the year	**(128,658)**	(186,582)
Other comprehensive income for the year	**–**	–
Total comprehensive expense for the year	**(128,658)**	(186,582)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(122,060)**	(179,882)
Non-controlling interests	**(6,598)**	(6,700)
	(128,658)	(186,582)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Note	2019 *RMB'000* (Unaudited)	2018 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**139,083**	166,444
Right-of-use assets	*12*	**24,196**	–
Prepaid lease payments	*13*	**–**	12,933
Investment properties		**86,027**	86,027
Goodwill	*14*	**3,807**	66,892
Intangible assets	*15*	**3,795**	5,645
Interests in a joint venture		**11,308**	10,514
Interests in an associate		**159**	–
Deposits paid for acquisition of property, plant and equipment		**451**	148
		268,826	348,603
Current assets			
Inventories	*16*	**18,312**	18,788
Trade and other receivables	*17*	**54,887**	75,207
Advance to suppliers		**30,908**	71,611
Prepaid lease payments	*13*	**–**	549
Equity instrument at fair value through profit or loss ("FVTPL")	*18*	**7,306**	–
Pledged bank deposits		**22,436**	22,063
Bank balances and cash		**3,286**	8,020
		137,135	196,238
Current liabilities			
Trade and other payables	*19*	**109,025**	139,068
Contract liabilities	*20*	**51,320**	51,530
Interest-bearing borrowings		**153,179**	170,172
Tax liabilities		**5,790**	5,785
Deferred income		**537**	287
Contingent consideration payables	*21*	**–**	5,936
Consideration payable		**4,814**	–
Lease liabilities	*24*	**1,921**	–
Obligations under finance leases	*24*	**–**	820
		326,586	373,598
Net current liabilities		**(189,451)**	(177,360)
Total assets less current liabilities		**79,375**	171,243

	Note	**2019**	2018
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
Non-current liabilities			
Interest-bearing borrowings		**4,800**	5,400
Deferred tax liabilities	*22*	**17,561**	18,503
Consideration payable		**–**	4,500
Deferred income		**5,438**	3,725
Convertible bonds	*23*	**72,824**	72,902
Lease liabilities	*24*	**10,648**	–
Obligations under finance leases	*24*	**–**	8,501
		111,271	113,531
Net (liabilities) assets		**(31,896)**	57,712
Capital and reserves			
Share capital		**2,179**	1,807
Reserves		**(33,085)**	53,074
Equity attributable to owners of the Company		**(30,906)**	54,881
Non-controlling interests		**(990)**	2,831
Total (deficits) equity		**(31,896)**	57,712

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL

Comtec Solar Systems Group Limited (the "Company") is a public limited company incorporated in the Cayman Islands, and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 October 2009. Its parent company and ultimate holding company is Fonty Holdings Limited ("Fonty"), a company incorporated in the British Virgin Islands with limited liability. Its ultimate controlling party is Mr. John Yi Zhang ("Mr. Zhang") who is the chairman and a director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the annual report.

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in research, production and sales of efficient mono-crystalline products, power storage products and lithium battery products and the provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The Group experienced a loss of RMB129 million for the year ended 31 December 2019 and had net current liabilities and net liabilities of RMB189 million and RMB32 million as at that date respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Group has developed and implemented the following liquidity plan:

- The Company successfully raised gross proceeds of HKD22,850,000 (equivalent to RMB20,589,000) from issue of new shares during the year ended 31 December 2019. In addition, subsequent to the end of the reporting period, the Company has raised gross proceeds of HKD10,489,000 (equivalent to RMB9,426,000) from issue of new shares of the Company.

- Mr. Zhang has 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;

- The existing convertible bonds holder and another shareholder Mr. Dai Ji have 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;

- Historically, the Group has been able to roll over or obtain replacement borrowings from existing credit for most of its short-term interest-bearing borrowings upon their maturity. The Group has assumed it will continue to be able to do so for the foreseeable future; and

- The Group is adopting strict control of operating and investing activities.

The directors of the Company have prepared a cash flow forecast covering the year ending 31 December 2020 and are satisfied, after taking into account the factors as mentioned above, that Group will have sufficient working capital for at least the next 12 months from 31 December 2019. Hence the consolidated financial statements have been prepared on a going concern basis.

3. NEW/REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New/Revised IFRSs that are effective for the current year

The Group has applied the following new/revised IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year.

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*

Except for IFRS 16 as described below, the application of the new/revised IFRSs in the current year has had no material impact on the Group's financial performance and financial position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.1 Transition and summary of effects arising from initial application of IFRS 16

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

	At 31 December 2018	Adjustments	At 1 January 2019
	RMB'000	*RMB'000*	*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 leases	820	(820)	–
Non-current liabilities			
Lease liabilities	–	12,831	12,831
Obligations under finance leases	8,501	(8,501)	–
Capital and reserves			
Reserves	53,074	(951)	52,123

4. REVENUE

Disaggregation of revenue from contracts with customers

	2019		2018	
	Upstream business	**Downstream solar and power storage**	Upstream business	Downstream solar and power storage
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
<u>Types of goods or service</u>				
Sales of monocrystalline solar wafers	**3,834**	**–**	58,805	–
Sales of monocrystalline solar ingots	**2,280**	**–**	22,697	–
Sales of polysilicon	**34,922**	**–**	4,633	–
Sales of solar modules	**1,649**	**–**	4,564	–
Sales of power storage products	**–**	**28,634**	–	65,633
Consulting services for photovoltaic power stations	**–**	**205**	–	840
Installation service for photovoltaic power stations	**–**	**12,163**	–	5,080
Power generation	**–**	**6,767**	–	9,862
Sales of others	**2,583**	**–**	503	–
Total revenue	**45,268**	**47,769**	91,202	81,415
Geographical markets				
The PRC including Hong Kong SAR	**43,306**	**47,043**	82,030	78,339
Philippines and Malaysia	**1,649**	**726**	–	3,076
Japan	**–**	**–**	9,127	–
Korea	**313**	**–**	45	–
Total revenue	**45,268**	**47,769**	91,202	81,415
Timing of revenue recognition				
At a point in time	**45,268**	**28,839**	91,202	66,473
Overtime	**–**	**18,930**	–	14,942
Total revenue	**45,268**	**47,769**	91,202	81,415

5. SEGMENT INFORMATION

The Group is principally engaged in research, production and sales of efficient mono-crystalline products, provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations and production and sales of power storage products. The Group has two operating and reportable segments for financial reportable purpose. The Group's segment (loss) profit is the (loss) profit before tax of the Group except that finance costs as well as corporate income and expenses are excluded from the measurement of segment (loss) profit.

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

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

ii. Downstream solar and power storage — Provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations and production and sales of power storage products.

Segment revenues and results

	Upstream	**Downstream solar and power storage**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
For the year ended 31 December 2019			
Revenue	**45,268**	**47,769**	**93,037**
Cost of sales and services*	**(56,024)**	**(38,215)**	**(94,239)**
Segment (loss) profit	**(10,756)**	**9,554**	**(1,202)**
Other income			**10,584**
Other gains and losses			**(41,085)**
Reversal of impairment losses on trade receivables, net			**619**
Distribution and selling expenses			**(4,109)**
Administrative expenses			**(66,710)**
Research and development expenses			**(3,561)**
Share of profit of a joint venture			**794**
Share of loss of an associate			**(21)**
Finance costs			**(24,856)**
Loss before tax			**(129,547)**

	Upstream *RMB'000* (Audited)	Downstream solar and power storage *RMB'000* (Audited)	Total *RMB'000* (Audited)
For the year ended 31 December 2018			
Revenue	91,202	81,415	172,617
Cost of sales and services*	(111,018)	(67,120)	(178,138)
Segment (loss) profit	(19,816)	14,295	(5,521)
Other income			14,403
Other gains and losses			(64,120)
Impairment losses on trade receivables, net			(17,054)
Distribution and selling expenses			(6,012)
Administrative expenses			(92,895)
Research and development expenses			(5,785)
Share of profit of a joint venture			1,339
Finance costs			(23,849)
Loss before tax			(199,494)

* Included in the cost of sales and services of the upstream segment and the downstream solar and power storage segment for the year ended 31 December 2019 was depreciation of RMB5,082,000 (2018: RMB8,209,000) and RMB5,409,000 (2018: RMB4,082,000) respectively.

During the year ended 31 December 2019, addition of properties, plant and equipments for the upstream segment and the downstream solar and power storage segment amounted to nil (2018: RMB126,000) and RMB894,000 (2018: RMB65,491,000) respectively.

Information about major customers

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

	2019 ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
Customer A[1]	**11,519**	58,022
Customer B[2]	**9,669**	–
Customer C[2]	**–**	19,256

1 Revenue from downstream solar and power storage segment
2 Revenue from upstream segment

Geographical information

All of the Group's non-current assets, including property, plant and equipment, right-of-use assets, prepaid lease payments, investment properties, goodwill, intangible assets and deposits paid for acquisition of property, plant and equipment, are located in the group entities' countries of domicile at the end of each reporting period. The following table sets forth the details:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
The PRC including Hong Kong SAR	**257,357**	337,700
Malaysia	**2**	389
	257,359	338,089

6. OTHER INCOME

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Government grant *(Note)*	**1,638**	6,886
Deferred income amortisation	**537**	287
Rental income	**4,602**	5,078
Interest income	**412**	382
Others	**3,395**	1,770
	10,584	14,403

Note: The government grant mainly represents the amount received from the local government by an operating subsidiary of the Company to encourage activities carried out by the Group in clean energy industry and high-technology advancement. No specific conditions are attached to the grant.

7. OTHER GAINS AND LOSSES

	Note	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Net foreign exchange losses		**(1,882)**	(8,763)
Gain on fair value change of contingent consideration payables		**5,936**	46,053
Gain (loss) on disposal of property, plant and equipment		**9,408**	(280)
Gain (loss) on disposal of subsidiaries		**181**	(3,450)
Impairment losses recognised in respect of advance to suppliers, other receivables and deposits paid for acquisition of property, plant and equipment		**(1,325)**	(8,915)
Impairment loss recognised in respect of goodwill	*14*	**(63,085)**	(39,025)
Impairment loss recognised in respect of intangible assets		**–**	(48,700)
Gain on payables waived by counterparties		**3,706**	–
Gain on derecognition of right-of-use assets and lease liabilities, net		**1,131**	–
Loss on fair value change of equity instrument at FVTPL		**(2,562)**	–
Gain (loss) on fair value change of derivative component of the convertible bonds	*23*	**7,407**	(1,040)
		(41,085)	(64,120)

8. LOSS BEFORE TAX

Loss before tax has been arrived at after charging (crediting):

	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Staff costs, including directors' remuneration		
Salaries, wages, bonus and other benefits	**24,491**	36,969
Retirement benefits schemes contributions	**2,274**	3,397
Share-based payments expenses	**6,338**	2,564
Total staff costs	**33,103**	42,930
Depreciation of property, plant and equipment	**16,238**	19,448
Depreciation of right-of-use assets	**3,499**	–
	19,737	19,448
Auditor's remuneration	**1,500**	2,140
Cost of inventories recognised as expense *(Note)*	**83,482**	170,247
Release of prepaid lease payments	**–**	337
Amortisation of intangible assets *(Note)*	**1,850**	13,412
Operating lease rentals in respect of rented premises	**–**	7,731
Rental income from investment properties	**(4,602)**	(5,078)

Note: Included in cost of inventories recognised as expense was write-down of inventories of approximately RMB2,750,000 (2018: RMB2,633,000) to their net realisable values.

The amortisation of intangible assets was included in administrative expenses.

9. INCOME TAX CREDIT

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current tax		
PRC Enterprise Income Tax		
— Under provision in prior years	**53**	543
	53	543
Deferred tax *(Note 22)*		
Current year	**(942)**	(13,455)
	(889)	(12,912)

No Hong Kong Profits Tax was provided for the years ended 31 December 2019 and 2018 as the group entities either had no assessable profits or incurred tax losses in Hong Kong.

PRC Enterprise Income Tax is calculated at the applicable tax rate of 25% in accordance with the relevant laws and regulations in the PRC. During the year ended 31 December 2018, the applicable tax rate to a subsidiary operating in the PRC was 15% as it qualified as a New High-Tech enterprise for a period of five years from 1 January 2014 to 31 December 2018.

10. DIVIDENDS

No dividend was paid, declared or proposed during the years ended 31 December 2019 and 2018.

11. LOSS PER SHARE

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss for the year		
Loss for the year attributable to owners of the Company	**(122,060)**	(179,882)
		(Adjusted)
Number of shares		
Weighted average number of ordinary shares	**566,128,884**	524,425,895

The number of shares for the year ended 31 December 2018 has been adjusted and restated to reflect the share consolidation during the year ended 31 December 2019.

The outstanding share options and conversion option of convertible bonds of the Company have not been included in the computation of diluted loss per share as they are anti-dilutive for the years ended 31 December 2019 and 2018.

12. LEASES

The details of the lease income from operating leases are set out in Note 6.

The Group as lessee

Right-of-use assets

	Leasehold land *RMB'000* (Unaudited)	Office and factory premises *RMB'000* (Unaudited)	Plant and machinery *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Reconciliation of carrying amounts				
At 1 January 2019				
— Upon adoption of IFRS 16	13,482	4,882	10,010	28,374
Additions	–	16,547	–	16,547
Depreciation	(337)	(2,733)	(429)	(3,499)
Disposal of a subsidiary	–	–	(3,633)	(3,633)
Termination of leases	–	(13,593)	–	(13,593)
At 31 December 2019	**13,145**	**5,103**	**5,948**	**24,196**
Carrying amounts				
Cost	16,434	6,554	6,611	29,599
Accumulated depreciation	(3,289)	(1,451)	(663)	(5,403)
At 31 December 2019	**13,145**	**5,103**	**5,948**	**24,196**

The leasehold land represents the land use rights situated in the PRC. As at 31 December 2019, the Group pledged its leasehold land with carrying amount of RMB13,145,000 to banks to secure banking facilities granted to the Group.

As at 31 December 2019, the Group pledged its plant and machinery with carrying amount of RMB5,948,000 to secure lease liabilities of the Group.

The Group leases various office and factory premises and plant and machinery for its daily operations. Lease terms range from 1 to 8 years, with an option to renew the lease when all terms are renegotiated. Lease payments were usually increased annually to reflect current market rentals.

Restrictions or covenants

For leases of office and factory premises, most of the leases impose a restriction that, unless the approval is obtained from the lessor, the properties can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. For lease of office premises, the Group is required to keep the office premises in a good state of repair and return the office premises in their original condition at the end of the lease.

The Group has recognised the following amounts for the year:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Lease payments:		
Short-term leases	**1,192**	–
Operating lease rentals in respect of rented premises	**–**	7,731
Total cash outflows for leases	**5,496**	8,256

Commitments under operating leases

As at 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases in respect of its office and factory premises, which are payable as follows:

	RMB'000
	(Audited)
Within one year	1,723
In the second to fifth years inclusive	5,127
Over five years	389
	7,239

13. PREPAID LEASE PAYMENTS

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Carrying amounts		
At 1 January	**–**	13,819
Released to profit or loss	**–**	(337)
At 31 December	**–**	13,482
Current portion	**–**	549
Non-current portion	**–**	12,933
	–	13,482

The lease payments represented the land use rights situated in the PRC.

As at 31 December 2018, prepaid lease payments with carrying amount of approximately RMB13,482,000 were pledged to banks to secure banking facilities granted to the Group.

Upon the adoption of IFRS 16, the prepaid lease payments are presented under right-of-use assets.

14. GOODWILL

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At 1 January	**105,917**	105,917
Accumulated impairment	**(102,110)**	(39,025)
At 31 December	**3,807**	66,892

The carrying amounts of goodwill arose from acquisitions of subsidiaries in prior years are as follows:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Comtec Renewable Energy Group Limited		
Cost	**60,256**	60,256
Accumulated impairment	**(60,256)**	–
	–	60,256
Comtec (Asia) Limited		
Cost	**39,025**	39,025
Accumulated impairment	**(39,025)**	(39,025)
	–	–
Kexin		
Cost	**6,636**	6,636
Accumulated impairment	**(2,829)**	–
	3,807	6,636
At 31 December	**3,807**	66,892

For the purposes of impairment testing, the net carrying amount of the goodwill has been allocated to the cash generating units ("CGU") relating to the downstream business: (i) the power storage CGU; and (ii) the photovoltaic power stations CGU.

The Group has engaged an independent professional valuer to assess the recoverable amounts of the goodwill as at 31 December 2019. The recoverable amounts of the above cash-generating units are determined using value in use calculations. Cash flow projections for a period of five years are based on approved financial budgets covering the year ending 31 December 2020. Cash flows beyond the one-year period are extrapolated using declining growth rates ranging from 5% to 30% for the power storage CGU and 6% to 10% for the photovoltaic power stations CGU. The long term average growth rate for the power storage CGU and the photovoltaic power stations CGU is 3%. The estimated gross profit margin for the power storage CGU and the photovoltaic power stations CGU is 17% and 19% respectively. The discount rate applied to the cash flow projections of the power storage CGU and the photovoltaic power stations CGU is 16% and 19% respectively.

The key assumptions used in the value in use calculations are discount rates, growth rates and gross profit margins. The management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating units. The growth rates are estimated with reference to industry growth forecasts while the gross profit margins are based on past history and expectations of future changes in the market.

As a result of the impairment assessment, an impairment loss of RMB2,829,000 and RMB60,265,000 was recognised in respect of the power storage CGU and the photovoltaic power stations CGU for the year ended 31 December 2019 respectively.

15. INTANGIBLE ASSETS

	Cooperative agreement *RMB'000*	**Non-compete agreement** *RMB'000*	**Franchise relationship** *RMB'000*	**Backlog** *RMB'000*	**Technology** *RMB'000*	**Total** *RMB'000*
Reconciliation of carrying amounts						
At 1 January 2018	38,625	20,169	3,168	–	5,795	67,757
Amortisation	(6,438)	(4,115)	(1,639)	–	(1,220)	(13,412)
Impairment	(32,187)	(14,984)	(1,529)	–	–	(48,700)
At 31 December 2018 (Audited) and 1 January 2019	–	1,070	–	–	4,575	5,645
Amortisation	–	(630)	–	–	(1,220)	(1,850)
At 31 December 2019 (Unaudited)	**–**	**440**	**–**	**–**	**3,355**	**3,795**
Carrying amounts						
Cost	51,500	24,576	5,899	970	6,100	89,045
Accumulated amortisation and impairment	(51,500)	(24,136)	(5,899)	(970)	(2,745)	(85,250)
At 31 December 2019 (Unaudited)	**–**	**440**	**–**	**–**	**3,355**	**3,795**
Cost	51,500	24,576	5,899	970	6,100	89,045
Accumulated amortisation and impairment	(51,500)	(23,506)	(5,899)	(970)	(1,525)	(83,400)
At 31 December 2018 (Audited)	–	1,070	–	–	4,575	5,645

The intangible assets are amortised on a straight-line basis over their estimated useful lives as follows:

Cooperative agreement	4 years
Non-compete agreement	2–5 years
Franchise relationship	1.8 years
Backlog	0.8 years
Technology	5 years

16. INVENTORIES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Raw materials	**3,399**	8,555
Work-in-progress	**9,732**	3,814
Finished goods	**5,181**	6,419
	18,312	18,788

As at 31 December 2019, inventories with carrying amount of approximately RMB3,972,000 (2018: Nil) were pledged to secure financing facilities granted to the Group.

17. TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**43,499**	61,536
Written off	**–**	(131)
Impairment	**(24,939)**	(25,558)
	18,560	35,847
Value-added-tax recoverable	**31,217**	32,412
Other receivables	**5,110**	6,948
	54,887	75,207

The Group requests prepayment from customers before delivery of goods and allows a credit period of 7 to 180 days for the remaining balance on a case-by-case basis. The following is an ageing analysis of trade receivables net of impairment based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 30 days	**2,189**	2,805
31 to 60 days	**333**	7,656
61 to 90 days	**509**	1,052
91 to 180 days	**2,389**	12,260
Over 180 days	**13,140**	12,074
	18,560	35,847

As at 31 December 2019, trade receivables amounting to RMB675,000 (2018: RMB526,000) were pledged as security for the Group's lease liabilities.

The Group's trade and other receivables that were denominated in United States dollars ("USD") and Malaysian Ringgit ("MYR"), foreign currencies of the relevant group entities, as at 31 December 2019 were as follows:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade and other receivables denominated in USD	**294**	289
Trade and other receivables denominated in MYR	**198**	1,613

18. EQUITY INSTRUMENTS AT FVTPL

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Mandatorily at FVTPL		
Listed outside Hong Kong	**7,306**	–

19. TRADE AND OTHER PAYABLES

		2019	2018
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Audited)
Trade payables	*19(a)*	**55,736**	79,148
Payables for acquisition of property, plant and equipment		**21,522**	39,177
Staff salaries and welfare payables		**6,813**	7,412
Other payables and accrued charges	*19(b)*	**24,954**	13,331
		109,025	139,068

(a) The following is an ageing analysis of trade payables based on the invoice dates at the end of the reporting period:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Age		
0 to 30 days	**6,200**	20,788
31 to 60 days	**1,170**	5,571
61 to 90 days	**1,096**	2,698
91 to 180 days	**1,377**	10,173
181 to 365 days	**9,384**	24,256
Over 365 days	**36,509**	15,662
	55,736	79,148

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

The Group's trade and other payables that were denominated in USD and MYR, foreign currencies of the relevant group entities, as at 31 December 2019 were as follows:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade and other payables denominated in:		
USD	**25,131**	27,226
MYR	**105**	86

(b) Included in other payables and accrued charges as at 31 December 2019 were professional fee payable of RMB5,070,000 (2018: RMB4,248,000), amounts payable to subsidiaries of a joint venture of RMB3,800,000 (2018: Nil) and interest payable of RMB8,415,000 (2018: Nil). The amounts are unsecured, interest-free and have no fixed repayment term.

20. CONTRACT LIABILITIES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
To a joint venture	**10,940**	3,442
To third parties	**40,380**	48,088
	51,320	51,530

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within IFRS 15 during the year are as follows:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At 1 January	**51,530**	43,203
Recognised as revenue	**(11,801)**	(43,203)
Receipt of advances	**13,380**	51,530
Refund of advances	**(1,789)**	–
As at 31 December	**51,320**	51,530

As at 31 December 2019, the contract liabilities that are expected to be settled after more than 12 months are RMB23,258,000 (2018: RMB14,881,000).

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Expected timing of revenue recognition:		
Within 1 year	**28,062**	36,649
More than 1 year but within 2 years	**17,678**	14,881
More than 2 years but within 3 years	**5,580**	–
At the end of the reporting period	**51,320**	51,530

21. CONTINGENT CONSIDERATION PAYABLES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At 1 January	**5,936**	51,989
Change in fair value	**(5,936)**	(46,053)
At 31 December	**–**	5,936

The contingent consideration arose from the issue of ordinary shares of the Company on an earn-out basis in relation to business acquisitions in prior years. The contingent consideration is measured at fair value, which is calculated based on the expected business performance of the acquired companies and the share price of the Company. The periods in relation to the profit targets ended on 30 June 2019. Since the profit targets could not be met, no contingent consideration payable was recognised as at 31 December 2019 (2018: RMB5,936,000).

22. DEFERRED TAX LIABILITIES

The following is the components of deferred tax liabilities recognised by the Group and movements thereon during the year.

	Withholding tax on undistributed dividends	**Fair value adjustment**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2018	6,919	25,039	31,958
Credit to profit or loss	(79)	(13,376)	(13,455)
At 31 December 2018 (Audited) and 1 January 2019	6,840	11,663	18,503
Credit to profit or loss	(252)	(690)	(942)
At 31 December 2019 (Unaudited)	**6,588**	**10,973**	**17,561**

23. CONVERTIBLE BONDS

The Company issued USD denominated convertible bonds (the "Bonds") at an aggregate principal amount of USD10,000,000 with interest rate of 10% per annum on 27 July 2018.

Principal terms of the Bonds:

(i) Denomination of the Bonds — The Bonds are denominated and settled in USD.

(ii) Maturity date — The third anniversary of the date of issuance of the Bonds, which is 27 July 2021.

(iii) Interest — The Bonds carry interest at 10% per annum, accrued on a daily basis, of which 3% shall be paid in cash semi-annually in arrears and 7% should be paid in cash upon redemption or maturity.

(iv) Conversion

(a) Conversion price — The initial conversion price is HKD0.174 per share, subject to adjustments.

Upon the completion of the share consolidation on 28 August 2019, the conversion price has been increased to HKD0.696 per share.

(b) Conversion period — The bondholder shall have the right, on any business day after the date of issuance until and including the seventh business day immediately preceding the maturity date, to convert the whole or part of the outstanding principal amounts of the Bonds.

(c) Number of conversion shares issuable — The number of conversion shares to be issued shall be calculated based on the principal amount of the Bonds being converted and the conversion price applicable on the relevant conversion date. No faction of a share shall be issued on conversion of the Bonds.

The Bonds contain two components: the debt component and the derivative component. The effective interest rate of the debt component is 12.44%. The derivative component is measured at fair value with changes in fair value recognised in profit or loss subsequently.

The movements of the debt and derivative components of the Bonds for the year are set out below:

	Debt component *RMB'000*	**Derivative component** *RMB'000*
Issued on 27 July 2018	61,689	6,476
Imputed interest	3,275	–
Loss on fair value changes	–	1,040
Exchange realignment	389	33
At 31 December 2018 (Audited) and 1 January 2019	65,353	7,549
Imputed interest	8,160	–
Interest paid	(2,028)	–
Gain on fair value changes	–	(7,407)
Exchange realignment	1,115	82
At 31 December 2019 (Unaudited)	**72,600**	**224**

24. LEASE LIABILITIES/OBLIGATIONS UNDER FINANCE LEASES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Lease liabilities		
Current liabilities	**1,921**	–
Non-current liabilities	**10,648**	–
	12,569	–
Obligation under finance lease		
Current liabilities	**–**	820
Non-current liabilities	**–**	8,501
	–	9,321

As at 31 December 2018, it was the Group's policy to lease certain of its plant and machinery under finance leases. The average lease term was 8 years. Interest rates underlying all obligations under finance leases were fixed at respective contract dates ranging from 7.90% to 9.54% per annum.

25. EVENT AFTER REPORTING PERIOD

After the outbreak of the coronavirus disease COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented in China and Hong Kong. The Group expects its project developments and construction to potentially be impacted and this may in turn affect the Group's business performance in the first half of 2020.

Management has taken relevant actions to minimise the unfavourable impact of COVID-19 to the Group. The Group will pay close attention to the development and evaluate its impact on the financial position and operating results.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Period, the Group was still under a process to restructure its business. We plan 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. In additions, we plan to further reduce the scale of our remaining upstream manufacturing business which recorded operating losses in the last few years.

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 31 December 2019, the Group has completed grid connection for its downstream rooftop distributed generation projects of approximately 16.7 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 31 December 2019, the Group has sold grid-connected downstream rooftop distributed generation projects of approximately 6.0 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 additions, we provide EPC services for downstream rooftop distributed generation projects to customers. We have completed projects of approximately 1.5 MW during the Period and the projects under construction were expected to be approximately 3.3 MW which were completed in first half of 2020.

In addition, we have started certain projects of approximately 19.0 MW for 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 21.8 MW which, subject to administrative procedures such as applications for grid connection permits and NDRC filings, are ready for constructions to commence in a few months' time. These to-build projects are mainly located in the regions of Zhejiang, Jiangsu, Shandong, Anhui, Fujian, Tianjin, Hebei, Henan, Hubei, and Hunan. 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 completing of these projects. In providing our services, we will charge all project costs plus our service fees covering: (1) project development, (2) 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 cash flow management with more flexibility. We expect this business model will be the major focus of our downstream business in the future.

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. In October 2019, the Company also successfully completed construction of a solar power rooftop distributed generation project in Zhuhai. Pursuant to an electricity supply agreement entered into by, amongst others, Zhuhai Comtec and Zhuhai Shell, the solar power generation station was constructed by Zhuhai Comtec to supply Zhuhai 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 23,738 square meters and its scale is approximately 1.4 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. ISDH contributed RMB4,444,444 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, which directly owned 9.9% of the registered capital and equity interest in Kexin, 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 under NASDAQ 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 investing in electric vehicle businesses. 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 to drive the growth and profitability of Kexin in the 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 the 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. Where appropriate, we may reduce employee head counts and dispose of fixed assets which were low in utilization. We also rented out certain idle spaces in our factories and intend to continue doing the same. We are also considering disposing of our factories in Shanghai and Haian, if we receive an attractive offer from any potential buyer. We have continued to execute 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. Hong, 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 Unconsolidated Shares at subscription price of HK$0.055 per share to each of Sun Winning Limited and Mr. Hong. 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, all of 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 general working capital of the Group. Please refer to the announcement 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 Unconsolidated Shares at subscription price of HK$0.055 per share to Mr. Dai Ji. The subscription was completed on 19 August 2019 with the 270,000,000 Unconsolidated 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 Unconsolidated 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, all of net proceeds have been used for the Group's development, construction and investment of downstream projects. Please refer to the announcement 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 into 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.

On 31 December 2019 (after trading hours), Mr. Sun Da, an independent third party, and the Company entered into a subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue 104,885,179 subscription shares at subscription price of HK$0.1 per share to Mr. Sun Da. The subscription was completed on 28 February 2020 with the 104,885,179 subscription shares allotted and issued to Mr. Sun Da, generating the net proceeds of approximately HK$10.3 million which represented a net subscription price of approximately HK$0.098 per subscription share. The net proceeds are expected to be used for the general working capital of the Group. As at the date of this announcement, an amount of approximately RMB5.2 million has been used as general working capital of the Group. Please refer to the announcement of the Company dated 2 January 2020 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 45.2% of our total revenues, compared to approximately 66.2% for the year ended 31 December 2018. The sales to our largest customer accounted for approximately 12.4% of our total revenues in the Period, as compared to approximately 33.6% for the year ended 31 December 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 in our ability 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 RMB79.6 million, or 46.1%, from RMB172.6 million for the year ended 31 December 2018 to RMB93.0 million for the year ended 31 December 2019, primarily as a result of the decrease in both selling price and sales volume of our upstream solar wafers and ingots as well as the decrease of revenue from lithium batteries and power storage system business, although such decrease was partially mitigated by the increase in revenue from our sales of polysilicon as well as the revenue from our downstream solar business. During the Period, impacts from excess production capacity in the 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 RMB55.0 million, or 93.5%, from RMB58.8 million for the year ended 31 December 2018 to RMB3.8 million for the year ended 31 December 2019. 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 86.5% and 51.4%, respectively, as compared to their respective sales for the year ended 31 December 2018.

Revenue from sales of ingots decreased by RMB20.4 million, or 89.9%, from RMB22.7 million for the year ended 31 December 2018 to RMB2.3 million for the year ended 31 December 2019, mainly due to the decrease of sales volume by approximately 81.4% and the decrease of average selling price by approximately 50.0%. During the year, we mainly sold the ingots to a China based customer.

We continued to reduce the scale of our remaining upstream manufacturing business which recorded operating losses in last few years. Where appropriate, we reduced employee head counts and disposed 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 are also considering disposing of our factories in Shanghai and Haian, if we receive an attractive offer from any potential buyer. All of these strategies were with the purposes to improve our operating efficiencies and to reduce the operating losses from upstream manufacturing business so as to remain flexible and enable us to rapidly adapt our business to the challenging industry environment.

Revenue from trading of solar cells and modules were approximately RMB1.6 million for the year ended 31 December 2019, decreased by approximately RMB3.0 million, or 65.2%, respectively, from RMB4.6 million for the year ended 31 December 2018. The decrease was mainly due to our strategy to minimize exposures to trading solar commodities during volatile market environments.

Revenue from our downstream solar business mainly included EPC management service income, solar project development service income and power generation income. Such incomes increased by approximately RMB3.3 million, or 20.9%, from RMB15.8 million for the year ended 31 December 2018 to RMB19.1 million for the year ended 31 December 2019. Such revenues increases were mainly due to our continuous efforts and progress on project developments 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 at 31 December 2019, the Group has completed grid connection for its downstream rooftop distributed generation projects of approximately 16.7 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 31 December 2019, the Group has sold grid-connected downstream rooftop distributed generation projects of approximately 6.0 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 the future. In additions, we provide EPC services for downstream rooftop distributed generation projects to customers. We have completed projects of approximately 1.5 MW during the year ended 31 December 2019. In addition, we have started certain projects of approximately 19.0 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 21.8 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, Fujian, Tianjin, Hebei, Henan, Hubei, and Hunan. 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) 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 RMB28.6 million for the year ended 31 December 2019, decrease of approximately 56.4%, from RMB65.6 million for the year ended 31 December 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 RMB30.3 million, or 658.7%, from RMB4.6 million for the year ended 31 December 2018 to RMB34.9 million for the year ended 31 December 2019. 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 97.1% (year ended 31 December 2018: 92.9%) of total revenue for the year was generated from our sales in China. The remaining portion was mainly generated from our sales to Malaysia-based customers.

Cost of sales and services

Cost of sales and services decreased by RMB83.9 million, or 47.1%, from RMB178.1 million for the year ended 31 December 2018 to RMB94.2 million for the year ended 31 December 2019, which was in line with the decrease of revenue during the year. 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 and trading of solar cells and modules which also resulted in decrease in total revenue of approximately RMB79.6 million, or 46.1%, during the year. The industry landscape for upstream solar manufacturing business was still challenging during 2019 and the new policies issued by the Chinese government announced in 2018 have 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 RMB2.8 million was recorded for the year ended 31 December 2019 and was included in the cost of sales and services. Overall, the year-on-year decrease in costs of sales and services of approximately 47.1% was similar to the year-on-year decrease in revenue of approximately 46.1%.

Gross (loss)/profit

The Group recorded gross loss of approximately RMB1.2 million for the year ended 31 December 2019, representing a decrease of approximately 78.2% from the gross losses of approximately RMB5.5 million for the year ended 31 December 2018. It was primarily due to the aforementioned factors.

Other income

Other income for the year ended 31 December 2019 was approximately RMB10.6 million, representing a decrease of approximately RMB3.8 million, or 26.4%, from RMB14.4 million for the year ended 31 December 2018, which was mainly due to the decrease in government subsidy incomes received in 2019.

Other gains and losses

Other losses were approximately RMB41.1 million during the year ended 31 December 2019, representing a decrease by approximately RMB23.0 million or 35.9% from other losses of approximately RMB64.1 million for the year ended 31 December 2018. For the year ended 31 December 2019, the other losses mainly included: the impairment on goodwill of approximately RMB 63.1 million while it was partially mitigated by (i) gain on disposal of property, plant and equipment of approximately RMB9.4 million; (ii) gain on fair value changes of the embedded derivatives of approximately RMB7.4 million; and (iii) gain on fair value changes of the contingent consideration payables of approximately RMB5.9 million. Other losses for the year ended 31 December 2018 mainly included: (i) impairments on goodwill and intangible assets of approximately RMB87.7 million; (ii) impairment on advance to a supplier of approximately RMB8.9 million; and (iii) net foreign exchange losses of approximately RMB 8.8 million which was partially offset by the gain realized in respect of contingent consideration payables and its fair value changes of approximately RMB46.1 million.

Impairments on goodwill

The impairment on goodwill of approximately RMB63.1 million for the year ended 31 December 2019 mainly included the impairments on the goodwill arising from the acquisitions of Comtec Renewable Energy (formerly known as Joy Boy HK Limited) of approximately RMB60.3 million and the impairments on the goodwill arising from the acquisitions of Kexin of approximately RMB2.8 million.

For the purposes of impairment testing, the net carrying amount of the goodwill has been allocated to the cash-generating units ("CGU") relating to: (i) the photovoltaic power stations CGU arising from the acquisition of Comtec Renewable Energy; and (ii) the power storage CGU arising from the acquisition of Kexin.

The Group has engaged an independent professional valuer to assess the recoverable amounts of the goodwill as at 31 December 2019. The recoverable amounts of the above CGU are determined using value in use calculations. Cash flow projections for a period of five years are based on approved financial budgets covering the year ending 31 December 2020. Cash flows beyond the one-year period are extrapolated using declining growth rates ranging from 6% to 10% for the photovoltaic power stations CGU and 5% to 30% for the power storage CGU. The long term growth rate for the photovoltaic power stations CGU and the power storage CGU is 3%. The estimated gross profit margin for the photovoltaic power stations CGU and the power storage CGU is 19% and 17% respectively. The discount rate applied to the cash flow projections of the photovoltaic power stations CGU and the power storage CGU is 19% and 16% respectively.

The key assumptions used in the value in use calculations are discount rates, growth rates and gross profit margins. The management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating units. The growth rates are estimated with reference to industry growth forecasts as well as their historical growth rates while the gross profit margins are based on past history and expectations of future changes in the market.

As a result of the impairment assessment, impairment on goodwill of approximately RMB60.3 million and approximately RMB2.8 million were recognised in respect of the photovoltaic power stations CGU and the power storage CGU respectively for the year ended 31 December 2019.

Regarding the business performance of Comtec Renewable Energy, its revenue mainly included EPC management service income, solar project development service income and power generation income. Such incomes increased by approximately RMB9.5 million, or 95.0%, from RMB10.0 million for the year ended 31 December 2018 to RMB19.5 million for the year ended 31 December 2019. Such revenues increases were mainly due to our continuous efforts and progress on project developments 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. Comtec Renewable Energy has started certain projects of approximately 19.0 MW which it has 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 construction to commence. It has also started other projects of approximately 21.8MW which, subject to administrative procedures such as applications for grid connection permits and NDRC filings, are ready for construction to commence in few months' time. These to-build projects are mainly located in the regions of Zhejiang, Jiangsu, Shandong, Anhui, Fujian, Tianjin, Hebei, Henan, Hubei, and Hunan. 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 its services, it will charge all project costs plus our service fees covering: 1) project development, 2) the EPC management and 3) project management of such projects. The purchasers of the to-build projects holding companies should make payments in several instalments depending on construction progress milestones. This can provide further flexibility on cashflow management. It is expected this business model will be the major focus of Comtec Renewable Energy in the future.

However, the performance of Comtec Renewable Energy in the Period did not meet the expectation in the business forecast. The Group has prepared a financial budget covering the year ending 31 December 2020 with reference to the actual financial performance, growth rates and gross margin achieved during the Period as well as the developed projects which are ready to-build etc. A subsequent cash flow projection for a period of five years has been prepared based on the approved financial budget for the purposes of assessing the value in use of this CGU and impairment testing. It results in recognising impairment losses of approximately RMB60.3 million in respect of the photovoltaic power stations CGU for the year ended 31 December 2019.

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 RMB9.4 million from the disposal of certain fixed assets.

Gain on fair value changes of the embedded derivatives

The Convertible Bonds contain two components, a debt component and a 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. The derivative component of convertible bonds amounting to RMB224,000 (2018: RMB7,549,000) as at 31 December 2019 are measured at fair values which was derived from binomial option pricing model with parameters including effective interest rate, risk-free rate and volatility. During the year ended 31 December 2019, the Group recorded gains from fair value changes of the embedded financial derivatives of approximately RMB7.4 million.

Gain on fair value changes of contingent consideration payables

The contingent consideration arose from the issue of ordinary shares of the Company on an earn-out basis in relation to the business acquisitions. The fair value of the contingent consideration at the date of initial recognition and subsequent periods were calculated based on the business performance of the acquired companies and the share price of the Company.

For the year ended 31 December 2019, no payment has been made for the acquisitions of Comtec (Asia) Limited (formerly known as Forum (Asia) Limited) and Comtec Renewable Energy (formerly known as Joy Boy HK Limited). There is no further payment to be made for the two acquisitions in accordance with the relevant payment mechanism for the maximum consideration for the acquisition of Comtec (Asia) Limited and Comtec Renewable Energy as set out in the CAL Circulars (the "CAL Payment Mechanisms"). The periods in relation to the profit targets ended during the Period. Thus, the contingent consideration payable of approximately RMB5.9 million relating to the acquisition was fully reversed during the year ended 31 December 2019 and the same amount was recorded as other gains of the Group.

As of 31 December 2019, in accordance with the CAL Payment Mechanisms, only the first installments of the two acquisitions were required to be settled. So far as the first instalment for acquisition of Comtec Renewable Energy is concerned, the amount of Profits Before Tax (as defined in the CRE Circular) for the twelve months period ended 30 June 2017 of Comtec Renewable Energy was approximately RMB58,898,000. Pursuant to the CRE Payment Mechanism, and by applying the exchange rate of RMB1 to approximately HK$1.161, the total amount payable for the first instalment is approximately HK$111,121,200. In view of the issue price of HK$0.46 per consideration share, as disclosed in the announcement of the Company dated 29 August 2017, it has been determined that a total of 241,567,690 shares of the Company will be allotted and issued to the Vendors (as defined in the CRE Circular) as payment of the first instalment. Such consideration shares have been allotted and issued on 31 August 2017. No settlement has been made for the second and third instalment. This is because the relevant Profit Before Tax (as defined in the CRE Circular) for such instalments has not reached the threshold that would result in a positive instalment amount pursuant to the CRE Payment Mechanism. In other words, such instalments are not required to be settled and thus no consideration shares had been allotted to the Vendors (as defined in the CRE Circular) for such instalments. Thus, the final amount of the total consideration for the acquisition of Comtec Renewable Energy is approximately HK$111,121,200, which has been fully settled by the Company by allotment and issuance of 241,567,690 of its shares on 29 August 2017. Regarding the acquisition of Comtec (Asia) Limited, so far as its first instalment is concerned, the amount of Profits Before Tax (as defined in the CAL Circular) for the six month period ended 30 June 2017 of Comtec (Asia) Limited was approximately RMB111,600. Pursuant to the CAL Payment Mechanism, and by applying the exchange rate of RMB1 to approximately HK$1.136, the total amount payable for the first instalment is approximately HK$113,700. In view of the issue price of HK$0.355 per consideration share, as disclosed in the announcement of the Company dated 29 August 2017, it has been determined that a total of 320,223 shares of the Company will be allotted and issued to the Vendors (as defined in the CAL Circular) as payment of the first instalment. Such consideration shares have been allotted and issued on 31 August 2017. No settlement has been made for the second, third, fourth, fifth and sixth instalment. This is because the relevant Profit Before Tax (as defined in the CAL Circular) for such instalments has not reached the threshold that would result in a positive instalment amount pursuant to CAL Payment Mechanism. In other words, such instalments are not required to be settled and thus no consideration shares had been allotted to the Vendors (as defined in the CAL Circular) for such instalments. Thus, the final amount of the total consideration for the acquisition of Comtec (Asia) Limited is approximately HK$113,700, which has been fully settled by the Company by allotment and issuance of 320,223 of its shares on 29 August 2017.

Distribution and selling expenses

Distribution and selling expenses decreased by RMB1.9 million, or 31.7%, from RMB6.0 million for the year ended 31 December 2018 to RMB4.1 million for the year ended 31 December 2019, primarily due to the decrease in sales volume as well as sales and marketing 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 RMB26.2 million, or 28.2%, from RMB92.9 million for the year ended 31 December 2018 to RMB66.7 million for the year ended 31 December 2019, which was mainly due to the decrease in professional expenses incurred for financing and business development activities of the Group of approximately RMB13.5 million, the decrease in non-cash amortization expenses during the Period of approximately RMB11.6 million and the decrease in administrative and general expenses due to our continuous efforts to reduce operating expenses.

Interest expenses

Interest expenses increased by RMB1.1 million from RMB23.8 million for the year ended 31 December 2018 to RMB24.9 million for the year ended 31 December 2019. There was no material fluctuation of the interest expenses.

Loss before taxation

Loss before taxation was approximately RMB129.6 million for the year ended 31 December 2019, decreased by RMB69.9 million, or 35.0%, from approximately RMB199.5 million for the year ended 31 December 2018, due to the aforementioned factors.

Taxation

The Group recorded tax credits of approximately RMB0.9 million for the year ended 31 December 2019, decreasing from tax credits of approximately RMB12.9 million for the year ended 31 December 2018. The material amount of tax credit recorded for the year ended 31 December 2018 was mainly due to the impairment of intangible assets resulting in the reverse of related deferred tax liabilities accordingly. And such situation did not happen during the Period. Thus, it resulted in the decrease of tax credit recorded during the Period.

Loss for the year

The Group recorded a loss of approximately RMB128.7 million for the year ended 31 December 2019, decreased by RMB57.9 million, or 31.0%, from approximately RMB186.6 million for the year ended 31 December 2018, primarily attributable to the aforementioned factors. Accordingly, the Group recorded net loss margin of 138.4% for the year ended 31 December 2019, as compared to the net losses margin of 108.1% for the year ended 31 December 2018.

Final dividend

The Board resolved not to declare final dividend for the year ended 31 December 2019 (2018: nil).

Inventory turnover days

The inventory balance was approximately RMB18.3 million as at 31 December 2019 and there were no material changes from the amount of RMB18.8 million as at 31 December 2018. It was mainly due to the Group's efforts to downsize the scale of its traditional manufacturing wafer business and to manage its inventory level. The inventory turnover days as at 31 December 2019 totaled 71 days (31 December 2018: 38 days).

Trade receivable turnover days

There was a decrease in trade receivable balance of 48.0% from RMB35.8 million as at 31 December 2018 to RMB18.6 million as at 31 December 2019, which was mainly due to downsizing of the Group's traditional manufacturing wafer business. The trade receivable turnover days as at 31 December 2019 totaled 73 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 73 days which was within the credit periods of the Group grants to its customers.

Trade payable turnover days

There was a decrease in trade payable balance of 29.6% from RMB79.1 million as at 31 December 2018 to RMB55.7 million as at 31 December 2019, which was mainly due to the downsizing of the Group's traditional manufacturing wafer business. The trade payable turnover days as at 31 December 2019 totaled 216 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 for the year ended 31 December 2019 included cash inflow from operating activities, bank borrowings and the proceeds from issue of equity or debt securities. As at 31 December 2019, the Group's current ratio (current assets divided by current liabilities) was 0.4 (31 December 2018: 0.5) and it was in a net debt position of approximately RMB125.0 million (31 December 2018: approximately RMB145.5 million). The gearing ratio (total liabilities divided by total equity) was (13.7) (31 December 2018: 8.4).The Group had a working capital deficit (total consolidated current liabilities exceeded total consolidated current assets) of RMB189.5 million as of 31 December 2019 (31 December 2018: approximately RMB177.4 million). Also, the Group recorded net liabilities of approximately RMB31.9 million as of 31 December 2019 (31 December 2018: net assets of approximately RMB57.7 million).

On 19 June 2019 (after trading hours), Sun Winning Limited and Mr. Hong, 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 Unconsolidated Shares at subscription price of HK$0.055 per share to each of Sun Winning Limited and Mr. Hong 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, all of 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 general working capital of the Group. Please refer to the announcement 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 Unconsolidated Shares at subscription price of HK$0.055 per share to Mr. Dai Ji. The subscription was completed on 19 August 2019 with the 270,000,000 Unconsolidated 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 Unconsolidated Share, all of 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, the net proceeds have been used for the Group's development, construction and investment of downstream projects. Please refer to the announcement of the Company dated 20 June 2019 for further details.

On 31 December 2019 (after trading hours), Mr. Sun Da, an independent third party, and the Company entered into a subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue 104,885,179 subscription shares at subscription price of HK$0.1 per share to Mr. Sun Da. The subscription was completed on 28 February 2020 with the 104,885,179 subscription shares allotted and issued to Mr. Sun Da, generating the net proceeds of approximately HK$10.3 million which represented a net subscription price of approximately HK$0.098 per subscription share. The net proceeds are expected to be used for the general working capital of the Group. As at the date of this announcement, an amount of approximately RMB5.2 million been used as general working capital of the Group. Please refer to the announcement of the Company dated 2 January 2020 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.

Also, we had downstream projects and right-of-use assets with net book value in aggregate of approximately RMB53.8 million as of 31 December 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 of our factories at Shanghai and Haian with net book value of approximately RMB170.7 million in total as of 31 December 2019 (included buildings, investment properties, and leasehold land included in right-of-use assets in the consolidated 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 December 2018, we concluded a re-negotiation with a long term-supplier which enable us to substantially realize the remaining amounts of our prepayments made to that supplier in previous years. An amount of approximately USD5.1 million 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.

In additions, although there is no assurance that the Group will be able to refinance its short-term bank loans when they become due, historically, the Group has rolled over or obtained replacement borrowings from existing credit for most of its short-term bank loans upon the maturity date of the loans. Per latest discussions with the bank providing us short-term bank loans in PRC, they would still maintain such historical practices and the Group has assumed it will continue to do so for the foreseeable future.

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

Capital commitments

As at 31 December 2019, the Group's capital commitment was nil (2018: nil) 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 at 31 December 2019, there was no material contingent liability (31 December 2018: RMB5.9 million).

Related party transactions

As at 31 December 2019, included in trade and other payables of RMB3,800,000 (2018: Nil) payable to the subsidiaries of the joint venture of the Company and contract liabilities of RMB10,940,000 (2018: RMB3,442,000) received from the joint venture of the Company.

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 year.

Charges on group assets

As at 31 December 2019, the Group had restricted cash of approximately RMB22.4 million (31 December 2018: RMB22.1 million), and pledged its buildings, investment properties, right-of-use assets, prepaid lease payment, power station of downstream projects, inventory of downstream projects and account receivables of downstream revenue with net book values of approximately RMB85.8 million (31 December 2018: RMB90.9 million), approximately RMB86.0 million (31 December 2018: RMB86.0 million), approximately RMB19.1 million (31 December 2018: Nil), Nil (31 December 2018: RMB13.5 million), approximately RMB7.2 million (31 December 2018: RMB7.5 million), approximately RMB4.0 million (31 December 2018: nil), and approximately RMB0.7 million (31 December 2018: RMB0.5 million) respectively, to various parties to secure financing facilities granted to the Group. Save as disclosed above, as at 31 December 2019, no other assets of the Group were charged.

Significant acquisition and disposal of subsidiaries

During the year ended 31 December 2019, the Group did not have any significant acquisition.

However, the Group made certain disposals as detailed below.

On 23 November 2018, Comtec Clean Energy Group Limited, a wholly-owned subsidiary of the Company, Zhenjiang Kexin Power System Design and Research Company Limited ("Kexin"), a 70%-owned subsidiary of the Company, and Lu KeYa, the owner of a 30% equity interest in Kexin, entered into a capital injection agreement with ISDN Investments Pte Ltd ("ISDN") pursuant to which ISDN has agreed to contribute RMB4,444,444 in cash to the registered capital of Kexin for 10% equity interest in the enlarged registered capital of Kexin (the "Deemed Disposal"). The capital injection took place in March 2019. As a result of the Deemed Disposal, the Group's equity interest in Kexin was reduced from 70.0% to 63.0% and Kexin remains as a subsidiary of the Company. 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.

Save as disclosed herein, the Company has not conducted any significant acquisition and disposal of subsidiaries in the past 12 months preceding the date of this announcement.

Use of proceeds

On 19 June 2019 (after trading hours), Sun Winning Limited and Mr. Hong, 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 Unconsolidated Shares at subscription price of HK$0.055 per share to Sun Winning Limited and Mr. Hong 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, all of 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 general working capital of the Group. Please refer to the announcement 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 Unconsolidated Shares at subscription price of HK$0.055 per share to Mr. Dai Ji. The subscription was completed on 19 August 2019 with the 270,000,000 Unconsolidated 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 Unconsolidated 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, all of the net proceeds have been used for the Group's development, construction and investment of downstream projects. Please refer to the announcement of the Company dated 20 June 2019 for further details.

On 31 December 2019 (after trading hours), Mr. Sun Da, an independent third party, and the Company entered into a subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue 104,885,179 subscription shares at a subscription price of HK$0.1 per share to Mr. Sun Da. The subscription was completed on 28 February 2020 with the 104,885,179 subscription shares allotted and issued to Mr. Sun Da, generating the net proceeds of approximately HK$10.3 million which represented a net subscription price of approximately HK$0.098 per subscription share. The net proceeds are expected to be used for the general working capital of the Group. As at the date of this announcement, an amount of approximately RMB5.2 million been used as general working capital of the Group. Please refer to the announcement of the Company dated 2 January 2020 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 at 31 December 2019, the Group had 122 (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 system and power storage system 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 and the lithium batteries system and power storage system 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 RMB1.9 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 Period

On 31 December 2019 (after trading hours), Mr. Sun Da, an independent third party, and the Company entered into a subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue 104,885,179 subscription shares at a subscription price of HK$0.1 per share to Mr. Sun Da. The subscription was completed on 28 February 2020 with the 104,885,179 subscription shares allotted and issued to Mr. Sun Da, generating the net proceeds of approximately HK$10.3 million which represented a net subscription price of approximately HK$0.098 per subscription share. The net proceeds are expected to be used for the general working capital of the Group. As at the date of this announcement, an amount of approximately RMB5.2 million been used as general working capital of the Group. Please refer to the announcements of the Company dated 2 January 2020 for further details.

After the outbreak of the coronavirus disease COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented in China and Hong Kong. The Group expects its project developments and construction to potentially be impacted and this may in turn affect the Group's business performance in the first half of 2020.

Management has taken relevant actions to minimise the unfavourable impact of COVID-19 to the Group. The Group will pay close attention to the development and evaluate its impact on the financial position and operating results.

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 enquiries 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.

AUDIT COMMITTEE

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

The audit committee has reviewed the Group's unaudited consolidated financial statements for the Period, including the accounting principles and practice adopted by the Group.

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

Saved as disclosed herein, 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.

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 dividend will be declared for the Period. 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.

PUBLICATION OF UNAUDITED ANNUAL RESULTS AND ANNUAL REPORT

This unaudited annual results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (http://www.comtecsolar.com). The Annual Report will be dispatched to Shareholders and available on the same websites in due course.

APPRECIATION

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

FURTHER ANNOUNCEMENT(S)

The unaudited consolidated annual results of the Company in this announcement have not been agreed with the auditors as required under Rule 13.49(2) of the Listing Rules. Publication of the Company's audited consolidated financial results for the year ended 31 December 2019 will be delayed due to the outbreak of COVID-19 which caused a disruption in the auditing process. Since the completion of the auditing process depends on the travel restrictions and quarantine arrangements in relation to COVID-19, it is challenging to estimate a completion date for the auditing process with certainty. However, the Group is closely monitoring the current situations in respect of the travel restrictions and quarantine arrangements both in Hong Kong and Mainland China and currently expects to publish the Annual Report and the audited 2019 financial results of the Company on or before 30 April 2020.

Following the completion of the audit, the Company will issue further announcement(s) in relation to (i) the audited annual results for the year ended 31 December 2019 as agreed by the auditor and the material differences (if any) as compared with the unaudited annual results contained herein; (ii) the proposed date on which the forthcoming annual general meeting will be held; and (iii) the period during which the Register of Members of the Company will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting. In addition, the Company will issue further announcement as and when necessary if there are other material developments in the completion of the audit.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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 Solar China"	Comtec Solar (China) Investment Holding Ltd, a company incorporated under the laws of Hong Kong
"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 the Appendix 14 to the Listing Rules
"Directors(s)"	the director(s) of the Company

"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
"Model Code"	Model code for securities transactions by directors of listed issuers contained in Appendix 10 to the Listing Rules
"Mr. Hong"	Mr. Hong Guorong (洪國榮), an individual resident in Hong Kong, who was allotted and issued 72,727,273 Unconsolidated Shares following a subscription which completed on 17 July 2019
"MW"	megawatt, which equals 10^6 Watt
"NDRC"	the National Development and Reform Commission of the PRC
"Period"	the year ended 31 December 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
"Share Consolidation"	the share consolidation of every four issued and unissued Unconsolidated Shares into one (1) Share
"Shareholder(s)"	Shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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"
"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), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
"Tianjin Shell"	Shell (Tianjin) Lubricants Co., Ltd* (殼牌(天津)潤滑油有限公司)
"Unconsolidated Share(s)"	ordinary share(s) of HK$0.001 each in the share capital of the Company prior to the Company's share consolidation which took effect on 28 August 2019
"USD"	United States dollars, the lawful currency of the United States of America
"Zhuhai Comtec"	Zhuhai Comtec Dirun Solar Technology Co., Ltd.* (珠海卡姆丹克地潤光伏科技有限公司), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
"Zhuhai Shell"	Shell (Zhuhai) Lubricants Co., Ltd* (殼牌(珠海)潤滑油有限公司)
"*"	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, 31 March 2020

As at the date of this announcement, the executive Directors are Mr. John Yi Zhang and Mr. Zhang Zhen, the non-executive Directors are Mr. Dai Ji and Mr. Qiao Fenglin, and the independent non-executive Directors are Mr. Kang Sun, Mr. Leung Ming Shu, Mr. Ma Teng and Mr. Xu Erming.