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**卡姆丹克太陽能系統集團有限公司**  
**Comtec Solar Systems Group Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 712)**

**SUPPLEMENTAL ANNOUNCEMENT**  
**IN RELATION TO**  
**ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

Reference is made to the annual report of Comtec Solar Systems Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2022 (the “**2022 Annual Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the 2022 Annual Report.

In the 2022 Annual Report, the Company’s auditors (the “**Auditors**”) expressed a disclaimer of opinion on the Company’s consolidated financial statements for the year ended 31 December 2022 (“**FY2022**”) on material uncertainty related to going concern (the “**Disclaimer Opinion**”).

**SUMMARY OF THE BASIS OF THE DISCLAIMER OPINION**

As disclosed in the Annual Report, the Group reported loss attributable to owners of the Company of RMB55,805,000 for the year ended 31 December 2022 and as at 31 December 2022, the Group had net current liabilities and net liabilities of approximately RMB192,258,000 and RMB164,153,000 respectively, which included current interest-bearing borrowings, convertible bonds and interest payables with carrying amounts of approximately RMB27,845,000, RMB41,787,000 and RMB36,987,000 respectively.

The Auditors are in the opinion that, the above results, together with other matters described in note 1 to the consolidated financial statements of the Group for FY2022 (“**Consolidated Financial Statements**”), indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company (the “**Directors**”) have been undertaking a number of measures to improve the Group’s liquidity and financial position. The Consolidated Financial Statements have been prepared by the Directors on a going concern basis (“**Going Concern Basis**”), the validity of which depends on the outcome of the measures, which the Auditors are of the view that they have not been able to obtain adequate audit evidence to ascertain whether the assumptions made by the Directors in preparing the Consolidated Financial Statements on a Going Concern Basis are proper and appropriate.

## **ADDITIONAL INFORMATION AND MANAGEMENT POSITION AND ASSESSMENT ON THE AUDIT ISSUES IN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS ON GOING CONCERN BASIS**

In addition to note 1 to the Consolidated Financial Statements which described the measures that have been taken by the Company to address the going concern issues, the Directors would like to provide additional information in relation to the audit issues (the “**Audit Issues**”) and the adoption of the Going Concern Basis in preparing the Consolidated Financial Statements, in particular, (i) the current status of the Overdue Convertible Bonds (as defined below); (ii) the delay in completion of the Disposal (as defined below) and the Subscription (as defined below) as well as the management position and assessment of the Audit Issues and the corresponding actions taken/proposed to be taken for addressing these issues.

### **The Disposal**

On 1 June 2022, the Company announced the disposal of certain properties in Shanghai, the PRC (the “**Disposal**”) to a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules) for a consideration of RMB180 million to repay the Group’s borrowings and finance the general working capital of the Group. Such consideration has been received by the Group and recognised as deposit received in the Group’s consolidated balance sheet as at 31 December 2022. The Disposal has yet to be completed as at the date of the 2022 annual Report (i.e. 31 March 2023).

### ***Auditors’ view***

Despite the fact that the Group has received full consideration of the Disposal during FY2022, the Disposal has yet to be completed and is subject to obtaining shareholders’ approval of the Company at the extraordinary general meeting (the “**EGM**”) of the Company to be held on 19 June 2023. In view of the uncertainty on obtaining the requisite shareholders’ approval, the size of the consideration and its impact to the cash flow of the Group, the Auditors were unable to form an opinion that completion of the Disposal will take place during 2023 as at the date of the 2022 Annual Report.

### ***Actions taken/plan***

The Directors expect that completion of the Disposal will take place as soon as possible after obtaining the requisite approval at the EGM. Immediately upon completion of the Disposal, the unaudited net gain on Disposal is estimated to be approximately RMB61.2 million, based on the consideration of RMB180 million and the carrying amount of the Properties of approximately RMB125.4 million as at 31 December 2022 (i.e., representing the amount of assets held for sale in the consolidated balance sheet of the Group as at 31 December 2022) and after deduction of the relevant expenses and tax.

### **The Subscription**

On 29 September 2022, the Company entered into the three subscription Agreements (the “**Subscription Agreement**”), with each of China Success Investment Group Limited (the “**First Subscriber**”), Wu Jun (the “**Second Subscriber**”) and Zhao Xiaoqun (the “**Third Subscriber**”) (collectively known as the “**Subscribers**”), all being Independent Third Parties, whereby the Subscribers conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue an aggregate of 155,414,011 Shares (“**Subscription Shares**”) at the subscription price of HK\$0.157 each (the “**Subscription**”). Upon completion of the subscription agreements, the loan in an amount of HK\$7,250,000 owing to the First Subscriber, the loan in an amount of HK\$10,000,000 owing to the Second Subscriber and the loan in an amount of HK\$1,130,000 owing to the Third Subscriber shall be deemed to have been fully repaid. The cash proceeds raised from the Third Subscriber will be HK\$6,020,000 and the net cash proceeds, after deduction of the relevant expenses, will be approximately HK\$5,620,000 and the Company intends to apply all such net proceeds for the repayment of the Group’s borrowings and amounts payable.

### ***Auditors’ view***

As the Subscription has yet to be completed as at the date of the 2022 Annual Report, the Auditors took a prudent approach in assessing its impact to the cash flow of the Group in view of the uncertainty on the timing of completion of the Subscription.

### ***Actions taken/plan***

The Company plans to submit the application for the listing of the issue of new shares of the Company to the Stock Exchange under the First Subscription and the Second Subscription before the EGM and completion of the First Subscription and the Second Subscription is expected to take place before the EGM.

It is currently expected that completion of the Third Subscription will take place in June 2023.

## **Settlement of Overdue Convertible Bonds**

As disclosed in the 2022 Annual Report, on 3 August 2022, the Company received notices (the “**Notices**”) from a creditor purporting to enforce certain securities for the Convertible Bonds. The Directors are negotiating the settlement consensus with the holder of the Overdue Convertible Bonds (“**Bondholder**”). In view of the current status of the Overdue Convertible Bonds, the Notices and its materiality to the financial and liquidity positions of the Group, the Auditors, in addition to the correspondences showing the ongoing negotiations between the Company and the Bondholder, requested the Company to provide a written confirmation from the Bondholder confirming that the Bondholder will not take any legal action in respect of or demand for repayment of the Overdue Convertible Bonds within the next 12 months. However, such request was not accepted by the Bondholder.

### ***Auditors’ view***

The Auditors were in the opinion that, in view of the current financial position of the Group, there was no alternative procedures can be done to satisfy themselves as to the adequacy of operating cash flows to be generated from the Group for the repayment of the Overdue Convertible Bonds or the successful extension of repayment of or refinancing the Overdue Convertible Bonds in the next 12 months.

### ***Actions taken/plan***

The Directors are in active negotiation with the Bondholder and liaising with potential investor(s) to acquire the debts owed by the Company (the “**Debt Acquisition**”), aiming to reach a settlement and conciliation consensus with a view to discharge the outstanding amounts in default and overdue, payable by the Company to the Bondholder. It is expected that at least a principal part of the said consensus can be reached before the EGM. After completion of the Debt Acquisition, the Company shall use best endeavours to finalise a settlement plan with the potential investor(s), targeting at the second half of 2023.

## **AUDIT COMMITTEE’S VIEW TOWARDS THE DISCLAIMER OPINION**

The Audit Committee had held a meeting on 31 March 2023 to enquire the management of the Audit Issues, including the status of the Disposal, the Overdue Convertible Bonds and the Subscription at such meeting and the management’s basis to prepare the Consolidated Financial Statements on a Going Concern Basis and discussed with the Auditors to understand the reasoning for the Disclaimer Opinion issued by the Auditors.

The Audit Committee agreed that, having considered the completion timeline proposed by the management, the working capital position of the Group will be improved upon successful completion of the Disposal, the settlement of the Overdue Convertible Bonds and the Subscription during the year ending 31 December 2023.

There was no disagreement on the Audit Issues between the Audit Committee and the management, and the Audit Committee agreed with the management that the Consolidated Financial Statements shall be prepared based on a Going Concern Basis. The Audit Committee confirmed that they understood the basis of the Disclaimer Opinion.

## **REMOVAL OF THE DISCLAIMER OPINION**

On the assumption of successful and continued implementation of the above measures and the measures disclosed in note 1 to the Consolidated Financial Statements, the Company envisages that the Disclaimer Opinion concerning the uncertainties relating to going concern can be removed in the audit for the financial year ending 31 December 2023.

The Company will continuously monitor the situation and will update the Shareholders if there are any updates on or changes to the action plan.

By order of the Board  
**Comtec Solar Systems Group Limited**  
**John Yi Zhang**  
*Chairman & Executive Director*

Shanghai, the PRC, 14 June 2023

*As at the date of this announcement, the executive Director is Mr. John Yi Zhang, the non-executive Directors are Mr. Dai Ji and Mr. Qiao Fenglin, and the independent non-executive Directors are Mr. Jiang Qiang and Dr. Yan Ka Shing.*