



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

2017

Interim Report



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Corporate Information

DIRECTORS

Executive Directors

Mr. John Yi Zhang
Mr. Zhang Zhen
Mr. Chau Kwok Keung

Non-executive Director

Mr. Wang Yixin

Independent non-executive Directors

Mr. Kang Sun
Mr. Leung Ming Shu
Mr. Xu Erming

COMPANY SECRETARY

Mr. Chau Kwok Keung (*HKICPA, ACCA, CFA*)

AUTHORISED REPRESENTATIVES

Mr. John Yi Zhang
Mr. Chau Kwok Keung

AUDIT COMMITTEE

Mr. Leung Ming Shu (*Chairman*)
Mr. Kang Sun
Mr. Xu Erming

NOMINATION COMMITTEE

Mr. John Yi Zhang (*Chairman*)
Mr. Kang Sun
Mr. Leung Ming Shu
Mr. Xu Erming

REMUNERATION COMMITTEE

Mr. Leung Ming Shu (*Chairman*)
Mr. John Yi Zhang
Mr. Kang Sun
Mr. Xu Erming

CORPORATE GOVERNANCE COMMITTEE

Mr. John Yi Zhang (*Chairman*)
Mr. Chau Kwok Keung
Mr. Leung Ming Shu

SIGNIFICANT PAYMENTS COMMITTEE

Mr. John Yi Zhang (*Chairman*)
Mr. Chau Kwok Keung

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTER

16 Yuan Di Road
Nanhui Industrial Zone
Shanghai 201314
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 33
35/F Central Plaza
18 Harbour Road
Wanchai
Hong Kong

COMPANY'S WEBSITE

www.comtecsolar.com

AUDITOR

Deloitte Touche Tohmatsu

Corporate Information

LEGAL ADVISERS AS TO HONG KONG LAW

Luk & Partners In Association with Morgan, Lewis & Bockius

PRINCIPAL BANKS

Agricultural Bank of China

The Hongkong and Shanghai Banking

Corporation Limited

Hang Seng Bank Limited

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company

(Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road, George Town

Grand Cayman KY1-1110

Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712–1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

Financial Summary

RESULTS

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Turnover	314,193	491,149	566,031	520,449	471,000
(Loss) Profit before interest expenses and taxation	28,034	(1,655)	(196,998)	12,913	(2,621)
Interest expense	(8,278)	(5,045)	(7,455)	(9,798)	(9,476)
(Loss) Profit before taxation	19,756	(6,700)	(204,453)	3,115	(12,097)
Taxation	(11,632)	295	408	(125)	(25)
Profit (loss) and total comprehensive income (expense) for the period	8,124	(6,405)	(204,045)	2,990	(12,122)
Profit (loss) and total comprehensive income (expense) for the period attributable to					
Owners of the Company	8,783	(6,405)	(204,045)	2,990	(12,122)
Non-controlling interests	(659)	–	–	–	–
	8,124	(6,405)	(204,045)	2,990	(12,122)

ASSETS AND LIABILITIES

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Total assets	1,057,787	2,006,918	2,125,319	2,484,678	2,608,545
Total liabilities	(764,215)	(874,885)	(988,407)	(970,163)	(1,083,732)
Net assets	293,572	1,132,033	1,136,912	1,514,515	1,524,813

Chairman Statement

During the Period, the Company achieved remarkable progress in downsizing the scale of manufacturing businesses and expanding to the more profitable downstream solar business which specifically focuses on rooftop distributed generation projects on industrial and commercial buildings. We achieved net profit attributable to the owners of the Company of approximately RMB8.8 million for the Period, representing a turnaround from the net loss of approximately RMB6.4 million for the corresponding period in 2016 and the net loss of approximately RMB1,007.1 million for the year ended 31 December 2016. The Group also achieved earnings before interest expenses, taxation expenses, depreciation expenses and amortization expense of approximately RMB49.0 million during the Period, representing an increase of approximately 67.8% from approximately RMB29.2 million for the corresponding period in 2016.

DISPOSAL OF ASSETS IN MALAYSIA

On 30 December 2016 (after trading hours of the Stock Exchange), the Company, Comtec Solar International (M) Sdn. Bhd. (“Comtec Malaysia”) and Longi (Kuching) Sdn. Bhd (“Longi”) entered into an asset transfer agreement, pursuant to which Comtec Malaysia agreed to sell and Longi agreed to purchase the assets of Comtec Malaysia at a total consideration of RMB200.0 million.

Such asset disposal was approved by the Shareholders of the Company at the extraordinary general meeting held on 20 April 2017 and completed in June 2017. For details, please refer to the announcements of the Company dated 3 January 2017, 21 March 2017 and 20 April 2017 and the circular of the Company dated 31 March 2017.

On the other hand, we have made good progress on the downstream businesses.

COOPERATION WITH LUOYANG TOURISM DEVELOPMENT

On 10 January, 2017, the Group entered into a strategic agreement with Luoyang Tourism Development Group Limited in relation to the exclusive cooperation in the investment, establishment, development and operation of the smart energy charging facilities project in Luoyang.

COOPERATION WITH ADMINISTRATIVE COMMITTEE OF WUXI HUIZHAN ECONOMIC DEVELOPMENT ZONE

On 12 January, 2017, the Group entered into a strategic framework cooperation agreement with Administrative Committee of Wuxi Huishan Economic Development Zone in relation to the proposed cooperation in the distributed solar power generation projects and the intelligent energy charging facilities projects. Pursuant to the agreement, both parties agreed to cooperate exclusively with each other in connection with solar projects in Huishan Economic Development Zone.

Chairman Statement

ACQUISITION OF FORUM (ASIA)

In March 2017, the Group has completed the acquisition of Forum (Asia) Limited (“Forum Asia”). This acquisition represents an attractive opportunity for the Group to expand into the business of rooftop solar project with individual scale less than 1MW.

COOPERATION WITH FUZHOU SWIRE COCA COLA

On 8 May 2017, the Company successfully completed the construction of a solar power rooftop distributed generation station in Fuzhou (the “Solar Power Generation Station”). Pursuant to an electricity supply agreement entered into by, amongst others, Fuzhou Comtec Solar Electricity Co., Ltd.* (福州卡姆丹克太陽能電力有限責任公司) (“Fuzhou Comtec”), a wholly-owned subsidiary of the Company, and Fuzhou Swire Coca Cola Beverage Co., Ltd.* (福州太古可口可樂飲料有限公司) (“Fuzhou Swire Coca Cola”), the Solar Power Generation Station was constructed by Fuzhou Comtec to supply Fuzhou Swire Coca Cola with solar power electricity for a term of 25 years. The Solar Power Generation Station was constructed on a rooftop covering an area of approximately 30,000 square meters and its scale is approximately 2 Megawatts.

COOPERATION WITH ISDN HOLDINGS

On 25 May 2017, the Company entered into a strategic cooperation framework agreement with ISDN Holdings Limited (“ISDN Holdings”), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1656) and the Stock Exchange of Singapore (stock code: 107.SI), in relation to the strategic cooperation in the energy industry. After arm’s length negotiation, the parties incorporated an investment holding company in the British Virgin Islands (the “JV Holdco”) in August 2017. The JV Holdco is named C&I Renewable Limited and owned as to 70% by our Company and 30% by ISDN Holdings. The board of directors of the JV Holdco comprises three members, namely Mr. Zhang Zhen and Mr. Chau Kwok Keung, each being an executive Director of our Company, and Mr. Teo Cher Koon, being the managing director and president of ISDN Holdings. After incorporation of the JV Holdco, it will further establish subsidiaries in Hong Kong and the PRC. It is expected that the PRC subsidiary will set up and operate a distributed generation solar power station with an estimated scale of approximately 1 Megawatt on the roof of a property owned by ISDN Holdings located in Suzhou, the PRC. It is also expected that, upon commencement of operation of the distributed generation solar power station, ISDN Holdings and/or its subsidiary(ies) will purchase generated power from such power station at the then relevant fair market price for a term of 20 years. The total investment amount to the JV Holdco and its subsidiaries would be no more than RMB8 million.

ACQUISITION OF KEXIN

On 25 May 2017 (after trading hours of the Stock Exchange), Comtec Renewable Energy (Jiangsu) Limited (“Comtec Renewable (Jiangsu)”), Zhejiang Kexin Power System Design and Research Company Limited (“Kexin”) and the vendors of Kexin entered into an equity transfer agreement, pursuant to which Comtec Renewable (Jiangsu) agreed to acquire 70% equity interest of Kexin from the vendors at a cash consideration of RMB14.0 million. Kexin is principally engaged 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. The acquisition represents an attractive opportunity for the Group to expand into the business of 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, which marks the Group’s continuous efforts in diversifying its business. It is expected that the acquisition of Kexin will be closed in October 2017.

The above progresses marked the Group’s continuous efforts to develop and expand downstream solar business with a view to creating synergy through integration of the downstream solar business with the Group’s remaining upstream solar business. It would also enhance our profit amounts and profitabilities.

On 13 July 2017, the Company entered into a subscription agreement with Rich Reach Holdings Limited (富達控股有限公司), an independent third party, pursuant to which the Company has conditionally agreed to allot and issue 118,389,897 subscription Shares at a subscription price of HK\$0.2534 per Share. The subscription has been completed on 20 July 2017 with the 118,389,897 subscriptions Shares allotted and issued to Rich Reach Holdings Limited (富達控股有限公司), generating the net proceeds of approximately HK\$29.2 million, representing a net subscription price of HK\$0.247 per subscription Share. The net proceeds were expected to be used as general working capital of the Group. As at the date of this report, the net proceeds have not been used yet and are expected to be used as working capital of the Group. Please refer to the announcements of the Company dated 13 July 2017 and 20 July 2017 for further details.

On 21 July 2017, the Company entered into another subscription agreement with Advanced Gain Limited, an independent third party, pursuant to which the Company has conditionally agreed to allot and issue 190,912,714 subscription Shares at a subscription price of HK\$0.25 per Share. The net proceeds from the subscription are expected to be approximately HK\$46.9 million, representing a net subscription price of HK\$0.246 per subscription Share and are expected to be used as general working capital of the Group. Please refer to the announcement of the Company dated 21 July 2017 for further details.

Chairman Statement

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

The Group intends to maintain its remaining scale of manufacturing businesses on highly efficient monocrystalline solar wafers. During the Period, we have been 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. It 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. And we intend to continuously improve the cost competitiveness of our existing upstream solar business to make it a solid foundation to support the development of our downstream businesses.

On behalf of the Board, I would like to express my sincere gratitude to our Shareholders and business partners for their support to 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, the People's Republic of China, 30 August 2017

Business Review

During the Period, the Company achieved remarkable progress in downsizing the scale of manufacturing businesses and expanding to the more profitable downstream solar business which specifically focuses on rooftop distributed generation projects on industrial and commercial buildings. We achieved net profit attributable to the owners of the Company of approximately RMB8.8 million for the Period, representing a turnaround from the net loss of approximately RMB6.4 million for the corresponding period in 2016 and the net loss of approximately RMB1,007.1 million for the year ended 31 December 2016. The Group also achieved earnings before interest expenses, taxation expenses, depreciation expenses and amortization expense of approximately RMB49.0 million during the Period, representing an increase of approximately 67.8% from approximately RMB29.2 million for the corresponding period in 2016.

DISPOSAL OF ASSETS IN MALAYSIA

On 30 December 2016 (after trading hours of the Stock Exchange), the Company, Comtec Malaysia and Longi entered into an asset transfer agreement, pursuant to which Comtec Malaysia agreed to sell and Longi agreed to purchase the assets of Comtec Malaysia at a total consideration of RMB200.0 million.

Such asset disposal was approved by the Shareholders of the Company at the extraordinary general meeting held on 20 April 2017 and completed in June 2017. For details, please refer to the announcements of the Company dated 3 January 2017, 21 March 2017 and 20 April 2017 and the circular of the Company dated 31 March 2017.

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COOPERATION WITH ISDN HOLDINGS

On 25 May 2017, the Company entered into a strategic cooperation framework agreement with ISDN Holdings, in relation to the strategic cooperation in the energy industry. After arm's length negotiation, the parties incorporated the JV Holdco in the British Virgin Islands in August 2017. The JV Holdco is named C&I Renewable Limited and owned as to 70% by our Company and 30% by ISDN Holdings. The board of directors of the JV Holdco comprises three members, namely Mr. Zhang Zhen and Mr. Chau Kwok Keung, each being an executive Director of our Company, and Mr. Teo Cher Koon, being the managing director and president of ISDN Holdings. After incorporation of the JV Holdco, it will further establish subsidiaries in Hong Kong and the PRC. It is expected that the PRC subsidiary will set up and operate a distributed generation solar power station with an estimated scale of approximately 1 Megawatt on the roof of a property owned by ISDN Holdings located in Suzhou, the PRC. It is also expected that, upon commencement of operation of the distributed generation solar power station, ISDN Holdings and/or its subsidiary(ies) will purchase generated power from such power station at the then relevant fair market price for a term of 20 years. The total investment amount to the JV Holdco and its subsidiaries would be no more than RMB8 million.

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Business Review

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

Our top five customers in the Period contributed approximately 47.1% to our total revenue, compared to approximately 59.2% in the corresponding period last year. The sales of highly efficient monocrystalline wafers to the largest customer in the PRC accounted for approximately 15.8% of our total revenues in the Period, as compared to approximately 36.0% in the corresponding period in 2016. We continued to diversify and expand our customer bases.

During the Period, we have been 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. It 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. And we would continuously improve the cost competitiveness of our existing upstream solar business to make it a solid foundation to support the development of our downstream businesses. We intend to explore opportunities to further expand into downstream solar business to integrate with our existing upstream solar business. To leverage on our advanced technological capabilities, high quality product offerings, premium customer bases and the strategic partnership with reputable institutional investors, we are confident to capture enormous opportunities in the solar industry and to drive continued and healthy growth for the Group in the future.

REVENUE

Revenue decreased by RMB176.9 million, or 36.0%, from RMB491.1 million for the corresponding period in 2016 to RMB314.2 million for the Period, primarily as a result of the decrease in revenue from sale of excess inventory of polysilicon and 125 mm x 125 mm monocrystalline wafers, which was partially mitigated by the increase in revenue from sales of 156 mm x 156 mm monocrystalline wafers, monocrystalline ingots and other solar materials and the increase in project development service income.

Sales of 125 mm by 125 mm monocrystalline solar wafers

Revenue from sales of 125 mm by 125 mm monocrystalline solar wafers decreased by RMB138.5 million, or 78.2%, from RMB177.2 million for the corresponding period in 2016 to RMB38.7 million for the Period, primarily due to the decrease in our sales volume by 54.0% from 125.0MW for the corresponding period in 2016 to 57.5MW for the Period, as well as by the decrease in average selling price of approximately 50.0% from RMB1.4 per watt in the corresponding period in 2016 to RMB0.7 per watt for the Period.

The decrease in sale volume was mainly due to our strategy to diversify our sales from an overseas customer who mainly demands for 125 mm by 125 mm monocrystalline solar wafers and has highly specified product specification requirements and we try to accommodate the increasing demands from the fast expanding PRC-based customers who mainly demand for 156 mm by 156 mm monocrystalline solar wafers. And the average selling price decreased materially because we tried to sell out the existing inventory of the highly specified product specifications for the overseas customers as they plan to change their product specifications soon.

Sales of 156 mm by 156 mm monocrystalline solar wafers

Revenue from sales of 156 mm by 156 mm monocrystalline solar wafers increased by RMB44.8 million, or 87.4%, from RMB51.2 million for the corresponding period in 2016 to RMB96.0 million for the Period, primarily as a result of the increase of sales volume by 176.8% from 35.2MW for the corresponding period in 2016 to 97.4MW for the Period. The increase in sales volume was mainly due to our strategies to focus on the fast expanding PRC strategic customers who mainly demand for 156 mm by 156 mm monocrystalline solar wafers and are willing to commit advance payments to us.

However, such increase in sales volume was partially mitigated by the decrease in average selling price of approximately 33.3% from RMB1.5 per watt in the corresponding period in 2016 to RMB1.0 per watt for the Period due to the competitive market environments.

Project development service income

We have recorded project development service income of approximately RMB39.5 million during the Period as we started the downstream business to provide project development services to our customers which include but are not limited to application for the required permits for the projects from various regulatory departments, arrangement of public filings for the project documents, provision of advice on the engineering, purchase and construction works of the projects and coordination on the training for the staffs of customers in relation to the project development and subsequent operation of the projects, etc. We would charge them for a fee according to the scale of the projects. There was no such revenue for the corresponding period in 2016.

Processing services income

There was no revenue from processing fees on monocrystalline solar ingots and wafers during the Period, as compared to approximately RMB1.9 million for the corresponding period in 2016, primarily due to our change of strategy and we ceased to provide such services during the Period.

Others

Other revenue mainly included the revenue from sales of excess inventory of polysilicon, sales of ingots and sales of other solar products. The revenue from the sales of excess inventory of polysilicon purchased under the long-term agreements with our major polysilicon suppliers decreased by RMB192.4 million or 74.7%, from RMB257.7 million for the corresponding period in 2016 to RMB65.3 million for the Period. It was because certain long-term purchase agreements expired by the end of 2016 and the suppliers of remaining long-term purchase agreements waived the take-or-pay clauses in the respective agreements. Thus, we were substantially free from the impacts of such long-term purchase agreements during the Period. The sales volume reduced substantially from approximately 2,446.3 tons for the corresponding period in 2016 to 544.9 tons for the Period.

Such decrease was partially mitigated by the increase in revenue from sales of monocrystalline solar ingots from RMB0.3 million for the corresponding period in 2016 to RMB33.7 million during the Period due to the increase in demand for monocrystalline solar ingots in the market. The sales volume increases from approximately 1.1 tons for the corresponding period in 2016 to 156.1 tons for the Period.

The revenue from sales of other solar products also increased materially from RMB2.9 million for the corresponding period in 2016 to RMB41.1 million during the Period. It was mainly because we started to sell solar cells to our downstream business customers as value added services to them during the Period.

Financial Review

REVENUE BY GEOGRAPHICAL MARKET

In relation to the geographical analysis of our revenue, approximately 84.8% (2016: 55.2%) of total revenue for the Period was generated from our sales in China. The remaining portion was mainly generated from our sales to the Philippines, Japan, Korea and Malaysia-based customers.

COST OF SALES AND SERVICES

Cost of sales and services decreased by RMB181.8 million, or 39.5%, from RMB460.1 million for the corresponding period in 2016 to RMB278.3 million for the Period, which was in line with the decrease of revenue for the Period. The decrease in cost of sales and services was primarily as a result of the decrease in sales volume of excess inventory of polysilicon which also resulted in decrease in such revenue of approximately RMB192.4 million from the corresponding period in 2016. It was mainly due to the reason that certain long-term purchase agreements expired by the end of 2016 and the suppliers of remaining long-term purchase agreements waived the take-or-pay clauses in the respective agreements. It enabled us to reduce the purchase volume and excess inventory to resale during the Period. The sales volume of excess inventory of polysilicon reduced substantially from approximately 2,446.3 tons for the corresponding period in 2016 to 544.9 tons for the Period.

The decrease in revenue from the sales of 125 mm by 125 mm wafers was substantially mitigated by the increase in revenue from sales of 156 mm by 156 mm wafer, project development services income as well as sales of ingots and other solar materials. Thus, there were no material net impacts to the cost of sales and services.

As we were restructuring the business focus from the lower profit margin manufacturing business to higher profit margin downstream project development business, for the Period, we were able to achieve the decrease in costs of sales and services for 39.5% from the corresponding period while our revenue only decreased by 36.0% for the Period.

GROSS PROFIT

Gross profit increased by RMB4.8 million, or 15.4%, from RMB31.1 million for the corresponding period in 2016 to RMB35.9 million for the Period, primarily due to the fact that the Group changed its business focus to the higher profit margin downstream project development business.

OTHER INCOME

Other income increased by RMB22.3 million, or 743.3%, from RMB3.0 million for the corresponding period in 2016 to RMB25.3 million for the Period, which was mainly due to the government subsidy incomes of approximately RMB24.8 million received during the Period.

OTHER GAINS AND LOSSES

Other gains were approximately RMB12.4 million during the Period, representing a turnaround from other losses of RMB3.1 million for the corresponding period in 2016. Such gains were mainly due to the fair value changes of contingent consideration payables for the acquisitions made, which was partially offset by the net foreign exchange losses incurred during the Period.

DISTRIBUTION AND SELLING EXPENSES

Distribution and selling expenses decreased by RMB2.5 million, or 27.5%, from RMB9.1 million for the corresponding period in 2016 to RMB6.6 million during the Period, primarily due to the decrease in export sales volume during the Period.

ADMINISTRATIVE AND GENERAL EXPENSES

Administrative and general expenses increased by RMB15.6 million, or 66.7%, from RMB23.4 million for the corresponding period in 2016 to RMB39.0 million for the Period, which was mainly due to the non-cash accounting amortization expenses of approximately RMB9.3 million incurred for the two acquisitions closed during or before the Period and the administrative expenses incurred for the development of the Group's downstream business during the Period.

INTEREST EXPENSES

Interest expenses increased by RMB3.3 million from RMB5.0 million for the corresponding period in 2016 to RMB8.3 million for the Period. It was mainly due to an amount of RMB5.4 million was capitalized for the new additions of construction in progress for the corresponding period in 2016 while the amount of interest expenses capitalized during the Period was immaterial due to no material addition to construction in progress balances.

PROFIT (LOSS) BEFORE TAXATION

Profit before taxation was approximately RMB19.8 million for the Period, representing a turnaround from the loss before taxation of RMB6.7 million for the corresponding period in 2016, due to the aforementioned factors.

TAXATION

The Group incurred taxation expenses of approximately RMB11.6 million during the Period mainly because the entities of the Group generated assessable profits during the Period while the Group did not incur significant tax expenses in the corresponding period in 2016 since no material assessable profits were derived or tax losses were incurred from the Group entities.

PROFIT (LOSS) FOR THE PERIOD

The Group recorded net profit of attributable to the owners of the Company of RMB8.8 million during the Period, representing a turnaround from the net loss of approximately RMB6.4 million for the corresponding period in 2016, primarily attributable to the increase in gross profit during the Period due to the fact that the Group changed its business focus to the higher profit margin project development business as well as the increase in subsidy income and gain from fair value changes of contingent consideration payables. Accordingly, the Group recorded net profit margin of 2.8% for the Period, representing a turnaround from net loss margin of 1.3% for the corresponding period in 2016.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the Period (six months ended 30 June 2016: nil).

INVENTORY TURNOVER DAYS

There was a decrease in inventory balance of 62.1% from RMB191.1 million as at 31 December 2016 to RMB72.4 million as at 30 June 2017, which was mainly due to the decrease of operating scales of our manufacturing businesses. The inventory turnover days as at 30 June 2017 totaled 47 days (31 December 2016: 72 days).

TRADE RECEIVABLE TURNOVER DAYS

The trade receivable turnover days as at 30 June 2017 totaled 63 days (31 December 2016: 41 days). The credit period for our customers are generally not more than 180 days. The average receivable turnover days were approximately 63 days which was within the credit periods of the Group granted to its customers.

TRADE PAYABLE TURNOVER DAYS

The trade payable turnover days as at 30 June 2017 totaled 113 days (31 December 2016: 97 days). The Group has obtained continuous supports from our long-term and strategic suppliers.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal sources of working capital included cash flow from operating activities, bank borrowings and the proceeds from share placements. As at 30 June 2017, the Group's current ratio (current assets divided by current liabilities) was 0.9 (31 December 2016: 1.0) and it was in a net debt position of approximately RMB164.0 million (31 December 2016: approximately RMB168.8 million). The Group had a working capital deficit (total consolidated current liabilities exceeded total consolidated current assets) of RMB47.0 million as of 30 June 2017 (31 December 2016: approximately RMB28.8 million). However, the Group still maintained net assets of approximately RMB293.6 million as of 30 June 2017 (31 December 2016: approximately RMB210.1 million) and has entered into two shares subscription agreements with two independent investors in July 2017 which are expected to generate net proceeds of approximately HK\$76.1 million in aggregate. Furthermore, 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. The Group has assumed it will continue to be able to do so for the foreseeable future. The Group has also adopted strict control of operating and investing activities.

Financial Review

On 13 July 2017, the Company entered into a subscription agreement with Rich Reach Holdings Limited (富達控股有限公司), an independent third party, pursuant to which the Company has conditionally agreed to allot and issue 118,389,897 subscription Shares at a subscription price of HK\$0.2534 per Share. The subscription has been completed on 20 July 2017 with the 118,389,897 subscriptions Shares allotted and issued to Rich Reach Holdings Limited (富達控股有限公司), generating the net proceeds of approximately HK\$29.2 million, representing a net subscription price of HK\$0.247 per subscription Share. The net proceeds were expected to be used as general working capital of the Group. As at the date of this report, the net proceeds have not been used yet and are expected to be used as working capital of the Group. Please refer to the announcements of the Company dated 13 July 2017 and 20 July 2017 for further details.

On 21 July 2017, the Company entered into another subscription agreement with Advanced Gain Limited, an independent third party, pursuant to which the Company has conditionally agreed to allot and issue 190,912,714 subscription Shares at a subscription price of HK\$0.25 per share. The net proceeds from the subscription are expected to be approximately HK\$46.9 million, representing a net subscription price of HK\$0.246 per subscription Share and are expected to be used as general working capital of the Group. Please refer to the announcement of the Company dated 21 July 2017 for further details.

The Group would implement a balanced financing plan to support the operation of our business.

CAPITAL COMMITMENTS

As at 30 June 2017, the Group does not have any current plan to increase the production capacity of manufacturing businesses. In additions, the Group has yet to make any capital commitments for its downstream solar business which would depend on and be subject to market conditions and opportunities (31 December 2016: nil).

CONTINGENT LIABILITIES

As at 30 June 2017, there was no material contingent liability (31 December 2016: nil).

RELATED PARTY TRANSACTIONS

On 25 May 2017 (after trading hours of the Stock Exchange), Comtec Renewable (Jiangsu), Kexin and the vendors of Kexin entered into an equity transfer agreement, pursuant to which Comtec Renewable (Jiangsu) agreed to acquire 70% equity interest of Kexin from the vendors at a cash consideration of RMB14 million. Kexin is principally engaged 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. The acquisition represents an attractive opportunity for the Group to expand into the business of 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, which marks the Group's continuous efforts in diversifying its business.

Financial Review

The consideration payable by Comtec Renewable (Jiangsu) for the acquisition was RMB14.0 million and determined after arm's length negotiation between the parties by reference to, among others, (i) the potential prospects of Kexin and its expected synergy with the Company, and (ii) the valuation of Kexin as at 12 May 2017, which indicated that the market value of Kexin was reasonably stated by the range of RMB15.0 million to RMB21.0 million as at 12 May 2017.

Please refer to the announcements of the Company dated 25 May 2017 for further details.

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

CHARGES ON GROUP ASSETS

As at 30 June 2017, other than the restricted cash of approximately RMB21.6 million (31 December 2016: RMB126.6 million), the Group pledged its buildings and prepaid lease payments with net book values of approximately RMB133.4 million (31 December 2016: RMB137.8 million) and approximately RMB22.8 million (31 December 2016: RMB23.1 million), respectively, to banks to secure banking facilities granted to the Group. Save as disclosed above, as at 30 June 2017, no other assets of the Group were charged.

ACQUISITION OF SUBSIDIARIES

Reference is made to the announcement of the Company dated 14 November 2016. On 14 November 2016 (after trading hours of the Stock Exchange), the Company, Forum (Asia), and its original shareholders entered into a sale and purchase agreement, pursuant to which the Company agreed to acquire 51% of the entire issued share capital of Forum (Asia) at a total maximum consideration of RMB52.02 million from its original shareholders. The consideration is to be satisfied by the Company by allotting and issuing new shares to the original shareholders of Forum (Asia) under the specific mandate sought from the Shareholders (unless the Company opted to pay in cash with the consent of its original shareholders). In March 2017, the Group has completed the acquisition of Forum (Asia), upon which Forum (Asia) has become a subsidiary of the Company. This acquisition represents an attractive opportunity for the Group to expand into the business of rooftop solar project with individual scale less than 1MW.

On 25 May 2017 (after trading hours of the Stock Exchange), Comtec Renewable (Jiangsu), Kexin and the vendors of Kexin entered into an equity transfer agreement, pursuant to which Comtec Renewable (Jiangsu) agreed to acquire 70% equity interest of Kexin from the vendors at a cash consideration of RMB14 million. Kexin is principally engaged 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. The acquisition represents an attractive opportunity for the Group to expand into the business of 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, which marks the Group's continuous efforts in diversifying its business. It is expected that the acquisition of Kexin will be closed in October 2017, upon which Kexin will become a subsidiary of the Company.

DISPOSAL OF ASSETS OF A SUBSIDIARY

Reference is made to the announcements of the Company dated 3 January 2017, 21 March 2017 and 20 April 2017 and the circular of the Company dated 31 March 2017. On 30 December 2016 (after trading hours of the Stock Exchange), the Company, Comtec Malaysia and Longi entered into an asset transfer agreement, pursuant to which Comtec Malaysia agreed to sell and Longi agreed to purchase the assets of Comtec Malaysia at a total consideration of RMB200.0 million.

Comtec Malaysia was established in 2013 by the Company to expand the Group's production capacity in its solar-grade monocrystalline silicon business. Due to the unfavorable global macro-economic environment, the relatively small scale of operations, the lower production efficiency at the early stage of its operations and that it took time to train the local production team, Comtec Malaysia has been loss making and has recorded cumulative operating loss of approximately RMB178.5 million since 2013. Although the Group has been striving to improve its operating efficiency and reduce its production cost per unit, Comtec Malaysia has not been able to generate operating profit in 2016. At the same time, the industry landscape for the monocrystalline silicon business deteriorated in the second half of 2016, with certain major players who use monocrystalline silicon wafers, such as those produced by Comtec Malaysia, scaling back or even shutting down their production. In such circumstances, the Board considers that it will be in the interest of the Company to exit its investment in the production facilities in Malaysia so that the Group can provide more resources on expanding its downstream distributed solar system business, as it is expected that the business prospects of the downstream distributed solar system business is better than that of the upstream ingot and wafer manufacturing business. Also, given the unfavorable market conditions, the Board believes there is a risk that the prices of the assets of Comtec Malaysia may fall even lower later.

An extraordinary general meeting was held on 20 April 2017 and the Shareholders approved the asset transfer agreement. The disposal was completed in June 2017.

USE OF PROCEEDS

On 13 July 2017, the Company entered into a subscription agreement with Rich Reach Holdings Limited (富達控股有限公司), an independent third party, pursuant to which the Company has conditionally agreed to allot and issue 118,389,897 subscription Shares at a subscription price of HK\$0.2534 per Share. The subscription has been completed on 20 July 2017 with the 118,389,897 subscriptions Shares allotted and issued to Rich Reach Holdings Limited (富達控股有限公司), generating the net proceeds of approximately HK\$29.2 million, representing a net subscription price of HK\$0.247 per subscription Share. The net proceeds were expected to be used as general working capital of the Group. As at the date of this report, the net proceeds have not been used yet and are expected to be used as working capital of the Group. Please refer to the announcements of the Company dated 13 July 2017 and 20 July 2017 for further details.

Financial Review

On 21 July 2017, the Company entered into another subscription agreement with Advanced Gain Limited, an independent third party, pursuant to which the Company has conditionally agreed to allot and issue 190,912,714 subscription Shares at a subscription price of HK\$0.25 per Share. The net proceeds from the subscription are expected to be approximately HK\$46.9 million, representing a net subscription price of HK\$0.246 per subscription Share and are expected to be used as general working capital of the Group. Please refer to the announcement of the Company dated 21 July 2017 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 report.

HUMAN RESOURCES

As at 30 June 2017, the Group had 349 (31 December 2016: 482) 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 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 capital commitments for its downstream solar 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 recognised net exchange losses of approximately RMB4.6 million, which mainly arose from monetary assets and liabilities of the Group entities denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

IMPORTANT EVENTS AFTER THE PERIOD

Share Subscriptions

On 13 July 2017, the Company entered into a subscription agreement with Rich Reach Holdings Limited (富達控股有限公司), an independent third party, pursuant to which the Company has conditionally agreed to allot and issue 118,389,897 subscription Shares at a subscription price of HK\$0.2534 per Share. The subscription has been completed on 20 July 2017 with the 118,389,897 subscriptions Shares allotted and issued to Rich Reach Holdings Limited (富達控股有限公司), generating the net proceeds of approximately HK\$29.2 million, representing a net subscription price of HK\$0.247 per subscription Share. The net proceeds were expected to be used as general working capital of the Group. As at the date of this report, the net proceeds have not been used yet and are expected to be used as working capital of the Group. Please refer to the announcements of the Company dated 13 July 2017 and 20 July 2017 for further details.

On 21 July 2017, the Company entered into another subscription agreement with Advanced Gain Limited, an independent third party, pursuant to which the Company has conditionally agreed to allot and issue 190,912,714 subscription Shares at a subscription price of HK\$0.25 per Share. The net proceeds from the subscription are expected to be approximately HK\$46.9 million, representing a net subscription price of HK\$0.246 per subscription Share and are expected to be used as general working capital of the Group. Please refer to the announcement of the Company dated 21 July 2017 for further details.

Issue of Consideration Shares

Reference is made to the announcements of the Company dated 7 July 2016 and 15 September 2016 and the circular of the Company (the “Joy Boy Circular”) dated 9 August 2016 in relation to the acquisition of Comtec Renewable Energy Group Limited (formerly known as Joy Boy HK Limited) (“Joy Boy”).

As disclosed in the Joy Boy Circular, pursuant to the sale and purchase agreement entered into by and among the Company, Joy Boy and the vendors and ultimate holders of Joy Boy dated 7 July 2016 (the “Joy Boy Sale and Purchase Agreement”), the actual amount of the First Instalment (as defined in the Joy Boy Circular) payable by the Company is to be determined by reference to the profit before taxation of Joy Boy for the twelve months ended 30 June 2017. Please refer to the Joy Boy Circular for details.

On 29 August 2017, the Board announced that based on the management accounts of Joy Boy for the twelve months ended 30 June 2017 and in accordance with the terms of the Joy Boy Sale and Purchase Agreement, it was determined that a total of 241,567,690 Shares would be allotted and issued to the Vendors (as defined in the Joy Boy Circular) as payment of the First Instalment (as defined in the Joy Boy Circular). Such consideration shares were allotted and issued on 31 August 2017.

Reference is made to the announcements of the Company dated 14 November 2016 and 29 December 2016 and 1 March 2017 and the circular of the Company (the “Forum (Asia) Circular”) dated 12 December 2016 in relation to the acquisition of 51% of the total issued share capital of Forum (Asia).

As disclosed in the Forum (Asia) Circular, pursuant to the sale and purchase agreement entered into by and among the Company, Forum (Asia) and the vendors and ultimate holders of Forum (Asia) dated 14 November 2016 (the “Forum (Asia) Sale and Purchase Agreement”), the actual amount of the First Instalment (as defined in the Forum (Asia) Circular) payable by the Company is to be determined by reference to the profit before taxation of Forum (Asia) for the six months ended 30 June 2017. Please refer to the Forum (Asia) Circular for details.

On 29 August 2017, the Board announced that based on the management accounts of Forum (Asia) for the six months ended 30 June 2017 and in accordance with the terms of the Forum (Asia) Sale and Purchase Agreement, it was determined that a total of 320,223 Shares would be allotted and issued to the Vendors (as defined in the Forum (Asia) Circular) as payment of the First Instalment (as defined in the Forum (Asia) Circular). Such consideration shares were allotted and issued on 31 August 2017.

Financial Review

Cooperation with ISDN Holdings

In August 2017, the Company and ISDN Holdings incorporated the JV Holdco in the British Virgin Islands. The JV Holdco is named C&I Renewable Limited and owned as to 70% by our Company and 30% by ISDN Holdings. The board of directors of the JV Holdco comprises three members, namely Mr. Zhang Zhen and Mr. Chau Kwok Keung, each being an executive Director of our Company, and Mr. Teo Cher Koon, being the managing director and president of ISDN Holdings. After incorporation of the JV Holdco, it will further establish subsidiaries in Hong Kong and the PRC. It is expected that the PRC subsidiary will set up and operate a distributed generation solar power station with an estimated scale of approximately 1 Megawatt on the roof of a property owned by ISDN Holdings located in Suzhou, the PRC. It is also expected that, upon commencement of operation of the distributed generation solar power station, ISDN Holdings and/or its subsidiary(ies) will purchase generated power from such power station at the then relevant fair market price for a term of 20 years. The total investment amount to the JV Holdco and its subsidiaries would be no more than RMB8 million.

Corporate Governance and Other Information

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance in the interests of the Shareholders. Except for the deviation from code provision A.2.1 as disclosed below, 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.

Under provision A.2.1 of the Corporate Governance Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Before 19 April 2017, Mr. John Yi Zhang was the chairman and chief executive officer of the Group. He has extensive experience in solar wafer industry and is responsible for the overall corporate strategies, planning and business management of the Group. The Board considered that vesting the roles of chairman and chief executive officer in the same individual was beneficial to the business prospects and management of the Group. With effect from 19 April 2017, in order to promote the good corporate governance of the Group to differentiate the roles between the chief executive officer and the chairman of the Board under the Listing Rule, Mr. John Yi Zhang resigned and Mr. Zhang Zhen was appointed as the chief executive officer of the Company. Following the resignation of Mr. John Yi Zhang and the appointment of Mr. Zhang Zhen as the chief executive officer of the Company, the Company is able to comply with paragraph A.2.1 of the Corporate Governance Code, which requires that the roles of chairman and the chief executive should be separate and not be performed by the same individual. The balance of power and authorities is also ensured by the operation of the Board and the senior management, which comprise experienced and high caliber individuals. The Board currently comprises three executive Directors, one non-executive Director and three independent non-executive Directors and has a strong independence element in its composition.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

To the best knowledge of the Board, there is no change in any of the information of the Directors or the chief executive of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

MODEL CODE

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

Corporate Governance and Other Information

REVIEW OF INTERIM FINANCIAL STATEMENTS

The external auditor has reviewed the interim financial information for the Period in accordance with International Standard on Review engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

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

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

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, 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 for the Period.

DISCLOSURE OF INTEREST

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2017, the Directors and the chief executive of the Company and their respective associates had the following interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Hong Kong Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Corporate Governance and Other Information

Long Positions in the Company

Name of Director	Nature of interest	Number of shares interested	Approximate percentage of interest in the issued share capital of the Company
Mr. John Yi Zhang ¹	Beneficial owner, beneficiary of a trust, interest in a controlled corporation, interest of children under 18	629,283,550	40.69%
Mr. Zhang Zhen ²	Interest in a controlled corporation/ Beneficial owner	165,559,384	10.71%
Mr. Chau Kwok Keung ³	Beneficial owner	14,728,000	0.95%
Mr. Wang Yixin ⁴	Beneficial owner	200,000	0.01%
Mr. Kang Sun ⁵	Beneficial owner	749,574	0.05%
Mr. Daniel DeWitt Martin ⁶	Beneficial owner	499,659	0.03%
Mr. Leung Ming Shu ⁷	Beneficial owner	562,787	0.04%
Mr. Xu Erming ⁸	Beneficial owner	200,000	0.01%

Notes:

- (1) Fonty, which is 100% beneficially owned by Mr. Zhang, held 576,453,844 Shares. For the purposes of the SFO, Mr. Zhang is also deemed to be interested in 47,829,706 Shares which are beneficially owned by Mr. Alan Zhang, Mr. Zhang's child under the age of 18, as beneficiary of Zhang Trusts For Descendants, which is an irrevocable trust set up by Mr. Zhang for the benefit of his descendants and of which J.P. Morgan Trust Company of Delaware is the trustee. For the purpose of the SFO, Mr. Zhang is also deemed to be interested in 5,000,000 underlying Shares by virtue of share options granted to him to subscribe for 5,000,000 Shares under the Company's Share Option Scheme on 28 June 2012.
- (2) The 165,559,384 Shares in which Mr. Zhang Zhen is deemed to be interested represent (a) a maximum of 164,059,384 consideration Shares which may be issued to him or a company designated by him, assuming the maximum consideration will be paid and satisfied by the allotment and issue of such consideration Shares pursuant to a sale and purchase agreement entered into by, amongst others, the Company and Mr. Zhang Zhen, dated 7 July 2016. Please refer to the announcement of the Company dated 7 July 2016 for further details; and (b) the 1,500,000 Shares which may be issued to him upon the exercise of the Share Options (as defined below) granted to him on 2 May 2017 under the Share Option Scheme (as defined below).
- (3) The Shares in which Mr. Chau Kwok Keung is deemed to be interested represent 14,728,000 Shares which may be issued to him upon the exercise of the Share Options (as defined below) granted to him on 28 June 2012, 31 March 2014 and 2 May 2017 under the Share Option Scheme (as defined below).

Corporate Governance and Other Information

- (4) The 200,000 Shares in which Mr. Wang Yixin is deemed to be interested represent 200,000 Shares which may be issued to him upon the exercise of the Share Options (as defined below) granted to him on 2 May 2017 under the Share Option Scheme (as defined below).
- (5) The 749,574 Shares in which Mr. Kang Sun is deemed to be interested represent 749,574 Shares which may be issued to him upon the exercise of the Pre-IPO Share Options (as defined below) granted to him on 3 August 2009 and 2 October 2009 under the Pre-IPO Share Option Scheme and the Share Options (as defined below) granted to him on 27 December 2012 and 2 May 2017 under the Share Option Scheme (as defined below).
- (6) The 499,659 Shares in which Mr. Daniel DeWitt Martin is deemed to be interested represent 499,659 Shares which may be issued to him upon the exercise of the Pre-IPO Share Options (as defined below) granted to him on 3 August 2009 and 2 October 2009 under the Pre-IPO Share Option Scheme and the Share Options (as defined below) granted to him on 27 December 2012 under the Share Option Scheme (as defined below). Mr. Daniel Dewitt Martin resigned as an independent non-executive Director of the Company on 19 April 2017.
- (7) The 562,787 Shares in which Mr. Leung Ming Shu is deemed to be interested represent 562,787 Shares which may be issued to him upon the exercise of the Pre-IPO Share Options (as defined below) granted to him on 3 August 2009 and 2 October 2009 under the Pre-IPO Share Option Scheme and the Share Options (as defined below) granted to him on 27 December 2012 and 2 May 2017 under the Share Option Scheme (as defined below).
- (8) The 200,000 Shares in which Mr. Xu Erming is deemed to be interested represent 200,000 Shares which may be issued to him upon the exercise of the Share Options (as defined below) granted to him on 2 May 2017 under the Share Option Scheme (as defined below).

Save as disclosed above, as at 30 June 2017, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors and the chief executive of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Corporate Governance and Other Information

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

So far as is known to any Director or chief executive of the Company, as at 30 June 2017, the persons or corporations (other than Director or chief executive of the Company) who had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholders	Nature of interest	Number of shares interested	Approximate percentage of interest in the issued share capital of the Company
Fonty Holdings Limited	Beneficial owner	576,453,844	37.27%
Ms. Carrie Wang ¹	Interest of spouse	629,283,550	40.69%
Harmony Gold Ventures Corp ²	Beneficial owner	154,651,306	10.00%
Shanghai Hengqu Internet Technology Co., Ltd.* ²	Interest in a controlled corporation	154,651,306	10.00%
Jiangyin Jinqu Capital Management Co., Ltd.* ²	Interest in a controlled corporation	154,651,306	10.00%
Mr. Wang Yixin (王藝新) ²	Interest in a controlled corporation	154,651,306	10.00%

Notes:

- (1) Ms. Carrie Wang is the spouse of Mr. John Yi Zhang and therefore, pursuant to the SFO, she is deemed to be interested in all the Shares in which Mr. John Yi Zhang is interested.
- (2) Harmony Gold Ventures Corp is a wholly-owned subsidiary of Shanghai Hengqu Internet Technology Co., Ltd.* (上海恒渠互聯網科技有限公司), which is wholly-owned by Jiangyin Jinqu Capital Management Co., Ltd.* (江陰市金渠資本管理有限公司), which is in turn owned as to 99% by Mr. Wang Yixin (王藝新). Therefore, each of Shanghai Hengqu Internet Technology Co., Ltd.* (上海恒渠互聯網科技有限公司), by Jiangyin Jinqu Capital Management Co., Ltd.* (江陰市金渠資本管理有限公司) and Mr. Wang Yixin (王藝新) is deemed to be interested in the 154,651,306 Shares held by Harmony Gold Ventures Corp.

Save as disclosed above, as at 30 June 2017, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Corporate Governance and Other Information

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

The Company has adopted a share option scheme on 2 June 2008 (the “Pre-IPO Share Option Scheme”) for the purpose of giving its employees an opportunity to have a personal stake in the Company and helping motivate its employees to optimize their performance and efficiency, and retaining its employees whose contributions are important to the long-term growth and profitability of the Group. Options to subscribe for an aggregate of 574,020 Shares (the “Underlying Shares”) were granted to three independent non-executive Directors on 3 August 2009 and 2 October 2009, in respect of 230,000 Underlying Shares and 344,020 Underlying Shares, respectively. The exercise price per Share is HK\$2.51, which is at a 19.5% premium to the final offer price of the Company’s Shares in the initial public offering of the Company. No further options would be granted under the Pre-IPO Share Option Scheme on or after 30 October 2009 (the “Listing Date”), being the date on which dealings in the Shares first commenced on the Stock Exchange.

All options granted under the Pre-IPO Share Option Scheme (the “Pre-IPO Share Options”) can only be exercised in the following manner: (a) Shares representing 1/12th of the Shares which may be issued upon the exercise of options granted under the Pre-IPO Share Option Scheme shall vest on 1 November 2009; (b) from 1 November 2009 onwards, the remaining 11/12th of the Underlying Shares shall vest in equal quarterly instalments of 1/12th of the Underlying Shares at the end of each three-month period subject to continued employment with the Company during that period and all other terms and conditions as described in the Pre-IPO Share Option Scheme; and (c) all outstanding Pre-IPO Share Options shall lapse on the date falling 10 years from the offer date of the Pre-IPO Share Options.

Details of the exercise of the share options granted under the Pre-IPO Share Option Scheme as at 30 June 2017 are as follows:

Grantee	Date of Grant	Exercise price per Share	Balance as at 1 January 2017	Exercised during the Period	Balance as at 30 June 2017
Director					
Kang Sun	3 August 2009	HK\$2.51	249,574	–	249,574
Daniel DeWitt Martin ¹	3 August 2009	HK\$2.51	199,659	–	199,659
Leung Ming Shu	3 August 2009	HK\$2.51	62,787	–	62,787
Total			512,020	–	512,020

Note:

(1) Mr. Daniel Dewitt Martin resigned as an independent non-executive Director of the Company on 19 April 2017.

Save as disclosed above, there was no exercise, lapse or cancellation of any Pre-IPO Share Options for the six months ended 30 June 2017.

Share Option Scheme

The Company has adopted the share option scheme (the "Share Option Scheme") on 2 October 2009 for the purpose of motivating eligible persons to optimize their future contributions to the Group and/or reward them for their past contributions, attracting and retaining or otherwise maintaining on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

Upon adoption, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issued as at the Listing Date, that is, 100,000,000 Shares.

On 24 December 2015, the scheme mandate limit under the Share Option Scheme was refreshed with a maximum number of 139,186,175 Shares, being 10% of the Shares in issue as at 24 December 2015. As at the date of this report, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option schemes of the Company is 139,186,175 Shares representing 9% of the issued share capital of the Company as at the date of this report.

No option may be granted to any participant of the Share Option Scheme such that the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company HK\$1.0 upon acceptance of the grant on or before the 28 days after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheets on the offer date; and
- (c) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, after which no further options will be granted or offered.

During the Period, no share options (the "Share Options") to subscribe for the ordinary Shares each in the share capital of the Company were granted, lapsed, or cancelled under the Share Option Scheme.

Corporate Governance and Other Information

Details of the movement of the Share Options under the Share Option Scheme during the Period are as follows:

Grantee	Date of grant	Exercise price per Share	Balance as at 1 January 2017	Share options granted during the Period	Exercised during the Period	Lapsed during the Period	Balance as at 30 June 2017
Director							
Mr. Zhang Zhen	2 May 2017	HK\$0.335	-	1,500,000	-	-	1,500,000
Mr. Chau Kwok Keung	2 May 2017	HK\$0.335	-	1,500,000	-	-	1,500,000
Mr. Wang Yixin	2 May 2017	HK\$0.335	-	200,000	-	-	200,000
Mr. Leung Ming Shu	2 May 2017	HK\$0.335	-	200,000	-	-	200,000
Mr. Kang Sun	2 May 2017	HK\$0.335	-	200,000	-	-	200,000
Mr. Xu Erming	2 May 2017	HK\$0.335	-	200,000	-	-	200,000
Other participants in aggregate	2 May 2017	HK\$0.335	-	24,400,000	-	-	24,400,000
Other participants in aggregate	9 September 2016	HK\$0.560	89,000,000	-	-	-	89,000,000
Other participants in aggregate	25 November 2015	HK\$0.736	59,000,000	-	-	-	59,000,000
Other participants in aggregate	26 June 2015	HK\$1.500	20,000,000	-	-	-	20,000,000
Other participants in aggregate	11 May 2015	HK\$1.390	59,800,000	-	-	-	59,800,000
Director							
Mr. Chau Kwok Keung	31 March 2014	HK\$1.386	13,000,000	-	-	-	13,000,000
Other participants in aggregate	31 March 2014	HK\$1.386	22,650,000	-	-	-	22,650,000
Other participants in aggregate	30 September 2013	HK\$1.870	4,020,000	-	-	-	4,020,000
Director							
Mr. Kang Sun	27 December 2012	HK\$1.262	300,000	-	-	-	300,000
Mr. Daniel DeWitt Martin ¹¹	27 December 2012	HK\$1.262	300,000	-	-	-	300,000
Mr. Leung Ming Shu	27 December 2012	HK\$1.262	300,000	-	-	-	300,000
Other participants in aggregate	27 December 2012	HK\$1.262	6,638,000	-	-	-	6,638,000
Director							
Mr. John Yi Zhang	28 June 2012	HK\$0.980	5,000,000	-	-	-	5,000,000
Mr. Chau Kwok Keung	28 June 2012	HK\$0.980	228,000	-	-	-	228,000
Other participants in aggregate	28 June 2012	HK\$0.980	3,556,000	-	-	-	3,556,000
Other participants in aggregate	24 May 2010	HK\$1.490	2,240,000	-	-	-	2,240,000
			286,032,000	28,200,000	-	-	314,232,000

Notes:

- (1) Share options granted under the Share Option Scheme on 24 May 2010 shall vest in the relevant grantee in accordance with the timetable below with a 10-year exercise period (for the purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
24 May 2010	50% of the total number of Share Options granted
30 June 2011	50% of the total number of Share Options granted

Corporate Governance and Other Information

- (2) Share options granted under the Share Option Scheme on 28 June 2012 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for the purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
28 June 2012	50% of the total number of Share Options granted
28 September 2012	12.5% of the total number of Share Options granted
28 December 2012	12.5% of the total number of Share Options granted
28 March 2013	12.5% of the total number of Share Options granted
28 June 2013	12.5% of the total number of Share Options granted

- (3) Share options granted under the Share Option Scheme on 27 December 2012 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
27 December 2012	50% of the total number of Share Options granted
27 March 2013	12.5% of the total number of Share Options granted
27 June 2013	12.5% of the total number of Share Options granted
27 September 2013	12.5% of the total number of Share Options granted
27 December 2013	12.5% of the total number of Share Options granted

- (4) Share options granted under the Share Option Scheme on 30 September 2013 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
30 September 2013	50% of the total number of Share Options granted
30 December 2013	12.5% of the total number of Share Options granted
30 March 2014	12.5% of the total number of Share Options granted
30 June 2014	12.5% of the total number of Share Options granted
30 September 2014	12.5% of the total number of Share Options granted

- (5) Share options granted under the Share Option Scheme on 31 March 2014 vest in the relevant grantee in accordance with the timetable below with a 10-year exercise period (for the purpose, the date or each such date on which the Share Options are to vest being hereinafter referred to as a "Vesting Date"):

The 30,800,000 share options (including the Share Option granted to Mr. Chau Kwok Keung) shall be subject to a vesting period as followings:

Vesting Date	Percentage of Share Options to vest
31 March 2014	50% of the total number of Share Options granted
30 June 2014	12.5% of the total number of Share Options granted
30 September 2014	12.5% of the total number of Share Options granted
31 December 2014	12.5% of the total number of Share Options granted
31 March 2015	12.5% of the total number of Share Options granted

Corporate Governance and Other Information

The remaining 4,850,000 share options shall be subject to a vesting period as follows:

Vesting Date	Percentage of Share Options to vest
31 March 2014	1/3 of the total number of options granted
30 June 2014	1/12 of the total number of options granted
30 September 2014	1/12 of the total number of options granted
31 December 2014	1/12 of the total number of options granted
31 March 2015	1/12 of the total number of options granted
30 June 2015	1/12 of the total number of options granted
30 September 2015	1/12 of the total number of options granted
31 December 2015	1/12 of the total number of options granted
31 March 2016	1/12 of the total number of options granted

- (6) Share options granted under the Share Option Scheme on 11 May 2015 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
11 May 2015	50% of the total number of Share Options granted
11 August 2015	12.5% of the total number of Share Options granted
11 November 2015	12.5% of the total number of Share Options granted
11 February 2016	12.5% of the total number of Share Options granted
11 May 2016	12.5% of the total number of Share Options granted

- (7) Share options granted under the Share Option Scheme on 26 June 2015 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
26 June 2015	50% of the total number of Share Options granted
26 September 2015	12.5% of the total number of Share Options granted
26 December 2015	12.5% of the total number of Share Options granted
26 March 2016	12.5% of the total number of Share Options granted
26 June 2016	12.5% of the total number of Share Options granted

- (8) Share options granted under the Share Option Scheme on 25 November 2015 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
25 November 2015	50% of the total number of Share Options granted
25 February 2016	12.5% of the total number of Share Options granted
25 May 2016	12.5% of the total number of Share Options granted
25 August 2016	12.5% of the total number of Share Options granted
25 November 2016	12.5% of the total number of Share Options granted

Corporate Governance and Other Information

- (9) Share options granted under the Share Option Scheme on 9 September 2016 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	Percentage of Share Options to vest
9 September 2016	50% of the total number of Share Options granted
9 December 2016	12.5% of the total number of Share Options granted
9 March 2017	12.5% of the total number of Share Options granted
9 June 2017	12.5% of the total number of Share Options granted
9 September 2017	12.5% of the total number of Share Options granted

- (10) Share options granted under the Share Option Scheme on 2 May 2017 shall vest in the grantees in accordance with the timetable below with a 10-year exercise period (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

The 17,800,000 Share Options (including the Share Options granted to the Directors) shall be subject to a vesting period as followings:

Vesting Date	Percentage of Share Options to vest
2 August 2017	12.5% of the total number of Share Options granted
2 November 2017	12.5% of the total number of Share Options granted
2 February 2018	12.5% of the total number of Share Options granted
2 May 2018	12.5% of the total number of Share Options granted
2 August 2018	12.5% of the total number of Share Options granted
2 November 2018	12.5% of the total number of Share Options granted
2 February 2019	12.5% of the total number of Share Options granted
2 May 2019	12.5% of the total number of Share Options granted

The remaining 10,400,000 Share Options shall be subject to a vesting period as followings:

Vesting Date	Percentage of Share Options to vest
2 May 2017	50% of the total number of Share Options granted
2 August 2017	12.5% of the total number of Share Options granted
2 November 2017	12.5% of the total number of Share Options granted
2 February 2018	12.5% of the total number of Share Options granted
2 May 2018	12.5% of the total number of Share Options granted

- (11) Mr. Daniel DeWitt Martin resigned as an independent non-executive Director on 19 April 2017.

Further details of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in note 24 to the financial statements.

Report on Review of Condensed Consolidated Financial Statements

Deloitte. **德勤**

TO THE MEMBERS OF COMTEC SOLAR SYSTEMS GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Comtec Solar Systems Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 35 to 78, which comprise the condensed consolidated statement of financial position as of 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International accounting Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 August 2017

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2017

	NOTES	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Revenue	5	314,193	491,149
Cost of sales and services		(278,323)	(460,086)
Gross profit		35,870	31,063
Other income	6	25,281	2,917
Other gains and losses	7	12,397	(3,118)
Distribution and selling expenses		(6,560)	(9,091)
Administrative expenses		(38,954)	(23,426)
Finance costs	8	(8,278)	(5,045)
Profit (loss) before taxation	9	19,756	(6,700)
Taxation	10	(11,632)	295
Profit (loss) and total comprehensive income (expense) for the period		8,124	(6,405)
Profit (loss) and total comprehensive income (expense) for the period attributable to			
Owners of the Company		8,783	(6,405)
Non-controlling interests		(659)	–
		8,124	(6,405)
		<i>RMB cents</i>	<i>RMB cents</i>
Profit (loss) per share			
— Basic	12	0.57	(0.46)
— Diluted	12	0.49	(0.46)

Condensed Consolidated Statement of Financial Position

at 30 June 2017

	NOTES	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	13	216,224	208,314
Prepaid lease payments-non-current		22,234	22,510
Goodwill	14	99,281	60,256
Intangible assets	15	71,774	63,050
Deposits paid for acquisition of property, plant and equipment	13	1,546	1,106
		411,059	355,236
Current assets			
Inventories		72,449	191,082
Trade and other receivables	16	222,797	151,585
Bills receivable	16	6,161	10,826
Advance to suppliers	17	117,473	117,131
Prepaid lease payments-current		551	551
Prepaid assignment fee	18	166,190	166,190
Short-term bank deposits		21,580	126,637
Bank balances and cash		39,527	82,130
		646,728	846,132
Assets classified as held for sale	19	–	160,638
		646,728	1,006,770
Current liabilities			
Trade and other payables	20	213,496	408,892
Customers' deposits received	18	225,638	237,668
Short-term bank loans	21	231,283	388,364
Tax liabilities		13,190	309
Deferred revenue-current		287	287
Contingent consideration payables-current	22	9,884	–
		693,778	1,035,520
Net current liabilities		(47,050)	(28,750)
Total assets less current liabilities		364,009	326,486

Condensed Consolidated Statement of Financial Position

at 30 June 2017

	NOTES	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Capital and reserves			
Share capital	23	1,333	1,333
Reserves		284,076	208,738
Non-controlling interests		8,163	–
Total equity		293,572	210,071
Non-current liabilities			
Deferred tax liabilities		19,444	18,283
Deferred revenue-non-current		4,154	4,297
Contingent consideration payables-non-current	22	46,839	93,835
		70,437	116,415
		364,009	326,486

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2017

	Share Capital	Share Premium	Share Options Reserve	Special Reserve	Surplus Reserve	Other Reserve	Retained Earnings	Sub-Total	Non- Controlling Interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2016 (Audited)	1,205	1,317,003	86,217	11,012	84,583	-	(363,108)	1,136,912	-	1,136,912
Loss and total comprehensive expense for the period	-	-	-	-	-	-	(6,405)	(6,405)	-	(6,405)
Recognition of equity-settled share- based payments	-	-	1,526	-	-	-	-	1,526	-	1,526
At 30 June 2016 (Unaudited)	1,205	1,317,003	87,743	11,012	84,583	-	(369,513)	1,132,033	-	1,132,033
At 1 January 2017 (Audited)	1,333	1,374,735	108,586	11,012	84,583	-	(1,370,178)	210,071	-	210,071
Profit (loss) and total comprehensive income (expense) for the period	-	-	-	-	-	-	8,783	8,783	(659)	8,124
Recognition of equity-settled share- based payments	-	-	1,475	-	-	-	-	1,475	-	1,475
Effect on finalization of earn-out arrangements, to be settled in future by way of issuance of equity (Note 22)	-	-	-	-	-	65,080	-	65,080	-	65,080
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	8,822	8,822
At 30 June 2017 (Unaudited)	1,333	1,374,735	110,061	11,012	84,583	65,080	(1,361,395)	285,409	8,163	293,572

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2017

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Operating activities		
Profit (loss) before taxation	19,756	(6,700)
Adjustments for:		
Interest income	(174)	(1,609)
Interest expense	8,278	5,045
Depreciation of property, plant and equipment	10,719	30,433
(Gain) loss on disposal of property, plant and equipment	(2,185)	13
(Gain) loss on disposal of assets held for sale	2,445	(81)
Amortization of intangible assets	9,296	–
Gain on fair value change of contingent consideration payables	(17,282)	–
Release of deferred revenue	(143)	(143)
Share-based payment expenses	1,475	1,526
Release of prepaid lease payments	275	415
Utilization of allowance for advance to suppliers	(1,369)	(45,409)
Operating cash flows before movements in working capital	31,091	(16,510)
Decrease (increase) in inventories	118,633	(19,826)
(Increase) decrease in trade and other receivables	(6,657)	59,328
Decrease (increase) in bills receivable	4,665	(5,483)
Decrease in advance to suppliers	1,027	44,617
Decrease in prepaid assignment fee	–	9,356
Decrease in trade and other payables	(184,347)	(5,206)
Decrease in customers' deposits received	(12,030)	(2,854)
Cash (used in) generated from operations	(47,618)	63,422
Tax paid	(563)	(125)
Net cash (used in) generated from operating activities	(48,181)	63,297

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2017

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Investing activities		
Withdrawal of pledged bank deposits	105,089	171,084
Proceeds from disposal of assets held for sale	93,638	–
Additions of prepaid lease payments	–	(5,228)
Interest received	174	1,609
Additions to and deposits paid for acquisition of property, plant and equipment	(27,932)	(18,987)
Placement of pledged bank deposits	(32)	(117,377)
Net cash generated from investing activities	170,937	31,101
Financing activities		
Bank loans raised	120,404	275,846
Interest paid	(8,278)	(5,045)
Repayment of bank loans	(277,485)	(353,750)
Net cash used in financing activities	(165,359)	(82,949)
(Decrease) increase in cash and cash equivalents	(42,603)	11,449
Cash and cash equivalents at beginning of the period	82,130	49,715
Cash and cash equivalents at end of the period, represented by bank balances and cash	39,527	61,164

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

1. GENERAL

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

The Company and its subsidiaries are principally engaged in research, production and sales of efficient monocrystalline products and the provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations.

2. BASIS OF PREPARATION

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

The Group had a working capital deficit (total consolidated current liabilities exceeded total consolidated current assets) of RMB47 million although a net assets of RMB294 million are maintained as of 30 June 2017. These factors initially raised doubt as to the Group’s ability to continue as a going concern. However, the Group has developed and implemented the following liquidity plans:

- While there can be no assurance that the Group will be able to refinance its short-term bank loans as they become due, historically, the Group has been able to roll over or obtain replacement borrowings from existing credit for most of its short-term bank loans upon the maturity of the loans. The Group has assumed it will continue to be able to do so for the foreseeable future.
- In late July 2017, the Company had secured approximately HK\$76.1 million of additional capital by way of issuing 309 million of new shares in the Company to new investors.
- The Group is continually adopting strict control of operating and investing activities.

Based on the business forecast, secured additional capital, refinanced short-term bank loans and the liquidity plan, the accompanying condensed consolidated financial statements have been prepared assuming the Group will continue as a going concern.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, certain amendments to International Financial Reporting Standards ("IFRSs") that are mandatorily effective for the current interim period.

The application of the amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION

Information reported to the Group's Chief Executive, being the Group's chief operating decision maker, for the purpose of making decisions about allocating resources and assessing performance, focuses on the products and services delivered or provided.

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

- i. Upstream — Production and sales of efficient mono-crystalline products, trading of solar products and provision of processing services for solar products.
- ii. Downstream — Provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

4. SEGMENT INFORMATION *(continued)*

Segment revenues and results

	Upstream RMB'000 <i>(Unaudited)</i>	Downstream RMB'000 <i>(Unaudited)</i>	Total RMB'000 <i>(Unaudited)</i>
<i>For the six months ended 30 June 2017:</i>			
Revenue	274,737	39,456	314,193
Cost of sales and services	(277,652)	(671)	(278,323)
Segment profit	(2,915)	38,785	35,870
Other income			25,281
Other gains and losses			12,397
Distribution and selling expenses			(6,560)
Administrative expenses			(38,954)
Finance costs			(8,278)
Profit before taxation			19,756

	Upstream RMB'000 <i>(Unaudited)</i>	Downstream RMB'000 <i>(Unaudited)</i>	Total RMB'000 <i>(Unaudited)</i>
<i>For the six months ended 30 June 2016:</i>			
Revenue	491,149	–	491,149
Cost of sales and services	(460,086)	–	(460,086)
Segment profit	31,063	–	31,063
Other income			2,917
Other gains and losses			(3,118)
Distribution and selling expenses			(9,091)
Administrative expenses			(23,426)
Finance costs			(5,045)
Loss before taxation			(6,700)

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

4. SEGMENT INFORMATION *(continued)*

Segment revenues and results *(continued)*

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

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

5. REVENUE

	Six months ended 30 June	
	2017 RMB'000 <i>(Unaudited)</i>	2016 RMB'000 <i>(Unaudited)</i>
Manufacturing and sales of solar products:		
Monocrystalline solar wafers	134,622	228,394
Monocrystalline solar ingots	33,681	290
	168,303	228,684
Trading of solar products:		
Monocrystalline silicon	65,295	257,668
Monocrystalline silicon solar cells	34,138	–
Others	7,001	3,008
	106,434	260,676
Provision of services:		
Processing services for solar products	–	1,789
Consulting services for investment, development, construction of operation of solar photovoltaic power stations	39,456	–
	39,456	1,789
Total revenue	314,193	491,149

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

6. OTHER INCOME

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Government grants (Note)	24,813	1,308
Interest income	174	1,609
Others	294	–
	25,281	2,917

Note: The amounts mainly represent the local government grants to encourage activities carried out by the Group in business of solar photovoltaic power station and high-technology advancement. No specific conditions were attached to the grants.

7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Net foreign exchange losses	(4,625)	(4,095)
Bad debt recovered	–	909
Gain (loss) on disposal of property, plant and equipment	2,185	(13)
(Loss) gain on disposal of assets held for sale	(2,445)	81
Gain on fair value changes of contingent consideration payables (Note 22)	17,282	–
	12,397	(3,118)

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for the six months ended 30 June 2017

8. FINANCE COSTS

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Interest expense in relation to bank loans wholly repayable within five years	8,521	10,430
Less: amounts capitalized in the cost of qualifying assets	(243)	(5,385)
	8,278	5,045

9. PROFIT (LOSS) BEFORE TAXATION

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Profit (loss) before taxation has been arrived at after charging:		
Cost of inventories recognized as expense	277,652	460,086
Depreciation of property, plant and equipment	10,719	30,433
Release of prepaid lease payments	275	415
Amortization of intangible assets	9,296	–
Research and development expenses (included in administrative expenses)	2,297	3,713
Operating lease rentals in respect of rented premises	1,729	1,116

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for the six months ended 30 June 2017

10. TAXATION

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
People's Republic of China (the "PRC") Enterprise Income Tax		
— Tax (expense) credit for the current period	(11,632)	295

Taxation arising in the PRC is recognised based on management's best estimate of the average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 25% for the six months ended 30 June 2017 and 30 June 2016. There is no provision for Hong Kong Profits Tax since the Group entities incorporated in Hong Kong incurred tax losses for both periods. Withholding tax has been provided for based on the anticipated dividends to be distributed by PRC entities to non-PRC residents, if any.

11. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2017 and 2016.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

12. PROFIT (LOSS) PER SHARE

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

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Profit (Loss)		
Profit (loss) for the period attributable to owners of the Company for the purpose of basic loss per share	8,783	(6,405)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,546,513,056	1,391,861,750
Effect of dilutive potential ordinary shares		
Dilution effect on potential ordinary shares resulting from earn-out arrangements	241,781,172	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,788,294,228	1,391,861,750

Certain outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have a dilutive effect on the Company's profit (loss) per share for the six months ended 30 June 2017 and 30 June 2016 since their exercise prices were higher than the average market prices of the Company or they will increase the profit or decrease the loss per share of the Company.

13. DEPOSITS PAID FOR AND PURCHASES OF PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB27,932,000 (six months ended 30 June 2016: RMB18,987,000) on deposits paid for and purchases of property, plant and equipment.

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for the six months ended 30 June 2017

14. GOODWILL

The movement of goodwill is as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
COST		
At the beginning of the period/year	60,256	–
Arising on acquisition of subsidiaries (Note 27)	39,025	60,256
At the end of the period/year	99,281	60,256

The carrying amounts of goodwill as at 30 June 2017 and 31 December 2016 are as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Forum (Asia) Limited	39,025	–
Comtec Renewable Energy Group Limited (Formerly known as Joy Boy HK Limited)	60,256	60,256
	99,281	60,256

For the purposes of impairment testing, the net carrying amount of the goodwill, which arose from the acquisitions of subsidiaries, has been allocated to the cash generating unit relating to downstream solar service business.

The recoverable amount of the cash-generating units was determined based on the value in use calculations separately covering respectively a 5.5 years and 6.5 years financial budget plan and the estimated terminal value at the end of the relative financial budget period as prepared by the Group's management. There are a number of key assumptions and estimates involved in the preparation of the cash flow projection for the period covered by the Group's management prepared financial budget plans and the estimated terminal values, as follows:

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14. GOODWILL (continued)

Revenue — The basis used to determine the value assigned to the budgeted revenue is based on contracts which have been concluded or under negotiation and are expected to be finalized in the coming year, and adopted compound annual growth rate of revenue around 15–26% in the forecasted revenues in its budget plans from 2017 to 2022 and from 2017 to 2023 for each of the business acquisitions.

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is based on analysis of the related industries. The budgeted gross margin keeps from 28% to 70% in budget plans from 2017 to 2022 and from 2017 to 2023 for each of the business acquisitions.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant industry.

Based on the impairment testing conducted, the directors of the Company are of the view that no impairment loss against the goodwill was considered necessary as at 30 June 2017.

15. INTANGIBLE ASSETS

	Cooperative agreement <i>RMB'000</i>	Non-compete agreement <i>RMB'000</i>	Franchise relationship <i>RMB'000</i>	Backlog <i>RMB'000</i>	Total <i>RMB'000</i>
COST					
At 1 January 2017	51,500	11,550	–	–	63,050
Additions	–	11,150	5,899	971	18,020
At 30 June 2017	51,500	22,700	5,899	971	81,070
AMORTIZATION					
At 1 January 2017	–	–	–	–	–
Provided for the period	6,438	1,736	819	303	9,296
At 30 June 2017	6,438	1,736	819	303	9,296
CARRYING VALUES					
At 30 June 2017	45,062	20,964	5,080	668	71,774
At 1 December 2016	51,500	11,550	–	–	63,050

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16. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLE

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade receivables	93,061	100,679
Write off of allowance	(6,060)	(4,260)
Less: allowance for doubtful debts	–	(5,151)
	87,001	91,268
Unbilled revenue (<i>note</i>)	22,000	–
Utility deposits	2,164	3,798
Value-added-tax recoverable	39,244	43,242
Other receivables and prepayments	7,833	13,277
Other receivables in relation to disposal of assets classified as held for sale	64,555	–
	222,797	151,585
Bills receivable	6,161	10,826

Note: The Group primarily earns services revenue by providing consulting services for investment, development, construction and operation of solar photovoltaic power stations. The duration of the consulting contracts normally range from a few months to a year. The Group recognizes such revenue upon finalization and acceptance of the services from its customers. The excess of amount of revenue recognized over the amount billed on a particular contract is included in trade and other receivables as unbilled revenue.

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16. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLE *(continued)*

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

	30 June 2017 RMB'000 <i>(Unaudited)</i>	31 December 2016 RMB'000 <i>(Audited)</i>
Age		
0 to 30 days	18,942	21,872
31 to 60 days	17,345	3,189
61 to 90 days	3,247	810
91 to 180 days	1,530	2,556
Over 180 days	45,937	62,841
	87,001	91,268

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

	30 June 2017 RMB'000 <i>(Unaudited)</i>	31 December 2016 RMB'000 <i>(Audited)</i>
Age		
0 to 30 days	700	2,126
31 to 60 days	5,411	4,250
61 to 90 days	–	3,450
91 to 180 days	50	1,000
	6,161	10,826

Notes to the Condensed Consolidated Financial Statements

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17. ADVANCE TO SUPPLIERS/PROVISION FOR ONEROUS CONTRACTS

In prior years, in order to secure a stable supply of raw materials, the Group has entered into several non-cancellable purchase agreements with two major suppliers, independent parties not related to the Group, whereby the Group committed a “take or pay” obligation to purchase the minimum annual quantity of raw materials, mainly polysilicon virgins (to be used in the manufacture of its products) at pre-determined prices over the contractual periods up to 2018 (can be extended to 2021 with prior written notice to the supplier). According to the terms of these agreements, the Group were required to made upfront advances to these suppliers. The advances are unsecured, interest-free and non-refundable but could be utilised to reduce the invoice amount of purchases up to those agreed minimum annual quantities. Therefore, at the end of each reporting period, the directors of the Company estimate the amount of advances that is expected to be settled by the offset of the purchases of the agreed contract quantity in the next twelve months and classify it as current asset at the end of each reporting period. The remaining balance is classified as non-current asset in the condensed consolidated statement of financial position. In early 2016, the Group has reached into agreements with the two major suppliers, of which one has unconditionally agreed to waive the term relating to minimum annual quantity and pre-determined purchase price and the other has unconditionally agreed to reduce the pre-determined purchase price for the forthcoming purchases. As the remaining supplier contract containing pre-determined purchase price has duly expired at the beginning of 2017, the Group no longer maintained any supplier contracts with onerous contract provision as at the end of the current reporting period.

Notes to the Condensed Consolidated Financial Statements

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17. ADVANCE TO SUPPLIERS/PROVISION FOR ONEROUS CONTRACTS *(continued)*

The Group has periodically performed an analysis of the sufficiency of impairment recognised in respect of advance to suppliers and provision for onerous contracts, due to volatility of the solar industry which the Group is engaged in. The analysis has made reference to the Group's budgeted annualised production capacity, the Group's product mix, recent market demand for the Group's products, updated forecasted selling prices of the products that reflected current market assessments; and the Group's committed delivery of solar products including terms governed the take or pay supply agreements referred above, etc. Based on such analysis, the Group recognised impairment provision/onerous contracts provision, which represented expected losses to be suffered or future payments that the Group is presently obliged to make under the above-mentioned non-cancellable take or pay agreements, after taking into account the revenue expected to be earned and costs to be incurred in production over the contractual periods, and the movement of which are as follow:

	Provision for impairment on advance to suppliers <i>RMB'000</i>	Provision for onerous contracts <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2016	95,690	–	95,690
Utilise*	(45,049)	–	(45,049)
At 30 June 2016	50,641	–	50,641
Utilise*	(50,641)	–	(50,641)
Provision	1,369	–	1,369
At 31 December 2016	1,369	–	1,369
Utilise*	(1,369)	–	(1,369)
At 30 June 2017	–	–	–

* the provision was utilised as a reduction of cost of sales on disposal of the excessive polysilicon virgins which were purchased from the above suppliers and in turn resold to the free market.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

17. ADVANCE TO SUPPLIERS/PROVISION FOR ONEROUS CONTRACTS *(continued)*

The balance of advance to suppliers are analysed as follows:

	30 June 2017 RMB'000 <i>(Unaudited)</i>	31 December 2016 RMB'000 <i>(Audited)</i>
Gross amounts	117,473	118,500
Provision	–	(1,369)
	117,473	117,131
Less: Amounts recoverable within one year shown under current assets	(117,473)	(117,131)
Amounts shown under non-current assets	–	–

18. PREPAID ASSIGNMENT FEE/CUSTOMERS' DEPOSITS RECEIVED

On 27 December 2013, a wholly-owned subsidiary of the Company, namely Comtec Solar (Hong Kong) Limited ("Comtec Solar HK"), entered into a wafer supply agreement (the "Wafer Supply Agreement") with Mission Solar Energy LLC, a Delaware limited liability company ("Mission") which is an independent third party, pursuant to which Comtec Solar HK will supply solar wafers with capacity of approximately 500MW to Mission from June 2014 to July 2017 at pre-determined delivery schedule and supply price.

In addition, Mission paid non-refundable deposits of USD35 million (equivalent to approximately RMB213,391,000) to Comtec Solar HK which will be used to offset the related consideration payable from June 2014 to July 2017 upon delivery of the solar wafers under the Wafer Supply Agreement. As a result, the Group recognised such deposits as customers' deposits received in the condensed consolidated statement of financial position. At each reporting date, the directors of the Company estimate the amount of advances that is expected to be settled by the offset of the sales of the agreed contract quantity in the next twelve months and classify it as current liability. The remaining balance is classified as non-current liability in the condensed consolidated statement of financial position. In early 2016, Comtec Solar HK has reached into an agreement with Mission under which neither parties under the Wafer Supply Agreement shall be bounded by the pre-determined delivery schedule and supply price terms for the forthcoming supply/purchase. As the revised delivery schedule has not been reached as to the date of this financial statements, the full amount of the deposit received from Mission is classified as current liabilities as of 30 June 2017 and 31 December 2016.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

18. PREPAID ASSIGNMENT FEE/CUSTOMERS' DEPOSITS RECEIVED *(continued)*

Carrying amounts of customers' deposits represent:

	30 June 2017 RMB'000 <i>(Unaudited)</i>	31 December 2016 RMB'000 <i>(Audited)</i>
Mission	166,190	166,190
Others	59,448	71,478
	225,638	237,668

Immediately before the conclusion of the Wafer Supply Agreement between Comtec Solar (HK) and Mission, Comtec Solar (HK) entered into an agreement with an independent third party (the "Assignor" or the former seller of Mission) and paid an amount of USD35 million (equivalent to approximately RMB213,391,000) to the Assignor as an assignment fee that Comtec Solar (HK) assumed obligations as seller and the Assignor assigned its rights to Comtec Solar (HK) under the Wafer Supply Agreement over the relevant contractual period.

The Group recognised such prepaid assignment fee in the condensed consolidated statement of financial position. At 30 June 2017 and 31 December 2016, the directors of the Company estimate that the full amount of prepaid assignment fee can be utilized in the next twelve months from the reporting date so the entire prepaid assignment fee is classified as current asset.

19. ASSETS CLASSIFIED AS HELD FOR SALE

On 30 December 2016, the Group entered into an agreement (the "Asset Transfer Agreement") with an independent third party, pursuant to which certain assets of the Group maintained in Malaysia comprising property, plant and equipment and prepaid lease payments with a total net book value of approximately RMB499,955,000 will be disposed of for a cash consideration of approximately RMB200,000,000. The directors of the Company estimate the cost of disposal of such assets is approximately RMB39,362,000 and therefore the Group provides a total impairment of RMB339,317,000 against the assets classified as held for sales as at 31 December 2016. The disposal was duly completed on 8 June 2017.

Notes to the Condensed Consolidated Financial Statements

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20. TRADE AND OTHER PAYABLES

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade payables	173,685	255,509
Payables for acquisition of property, plant and equipment	20,880	31,927
Provision for termination costs for termination of Malaysian plant under construction (<i>note</i>)	–	88,269
Other payables and accrued charges	18,931	33,187
	213,496	408,892

Note: In relation to the disposal of Malaysia plant under construction as disclosed in note 19, a provision of approximately RMB88,269,000 in respect of retrenchment expenses to lay off Malaysian staffing and compensations to two utility suppliers is made in relation to the termination of the Malaysian plant under construction.

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

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Age		
0 to 30 days	39,438	63,548
31 to 60 days	9,419	28,767
61 to 90 days	10,133	14,752
91 to 180 days	9,353	16,910
Over 180 days	105,342	131,532
	173,685	255,509

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

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

21. BANK LOANS

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Bank loans		
— secured	231,283	335,976
— unsecured	—	52,388
	231,283	388,364
Carrying amounts repayable:		
Within one year	231,283	388,364
Less: Amounts due within one year shown under current liabilities	(231,283)	(388,364)
Amounts shown under non-current liabilities	—	—

The loans carry interest at variable market rates ranging from 1.75% to 4.79% (six months ended 30 June 2016: 1.69% to 5.67%) per annum.

Notes to the Condensed Consolidated Financial Statements

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22. CONTINGENT CONSIDERATION PAYABLES

The movement of the contingent consideration payables is analysed as:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
At the beginning of the period/year	93,835	–
Recognized from business acquisitions	45,250	93,835
Change in fair value	(17,282)	–
At the end of the period/year	121,803	93,835
Reclassified to equity	(65,080)	–
	56,723	93,835
Analyzed as:		
Current portion	9,884	–
Non-current portion	46,839	93,835
	56,723	93,835

The contingent consideration arose from the issue of ordinary shares of the Company on earn-out basis in relation to the business acquisitions. The contingent consideration is classified as a financial instrument (financial liability at fair value through profit or loss) and recognized in the condensed consolidated statement of financial position at fair value. The fair value of the contingent consideration at the date of initial recognition and as at 30 June 2017 are based on the valuation performed by the change of the price of share and the exchange rate of HKD/RMB.

As of 30 June 2017, the contingent consideration payables in which earn-out has been met is reclassified to equity as the number of the Company's shares to be issued within 60 business days after 30 June 2017 to satisfy the first installment of acquisitions of Comtec Renewable Energy Group Limited (formerly known as Joy Boy HK Limited) and Forum (Asia) Limited is fixed to be 241,887,913.

Notes to the Condensed Consolidated Financial Statements

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23. SHARE CAPITAL

The share capital of the Group represented the issued and fully paid share capital of the Company.

Authorised:	Number of shares	Amount HKD'000
Ordinary shares		
Ordinary shares of HKD0.001 each at 1 January 2016, 31 December 2016 and 30 June 2017	7,600,000,000	7,600
Issued and fully paid:	Number of shares	Amount HKD'000
Ordinary shares		
Ordinary shares at 1 January 2016	1,391,861,750	1,393
Issue of shares (<i>note 1</i>)	154,651,306	154
Ordinary shares at 31 December 2016 and 30 June 2017	1,546,513,056	1,547
	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Presented as RMB:		
Ordinary shares	1,333	1,333

Note:

- (1) On 8 August 2016, the Company allotted 154,651,306 ordinary shares of HK\$0.001 each for a cash consideration of HK\$0.45 per share to independent third parties not related to the Group.

All the shares issued by the Company ranked pari passu with the existing shares in all respects.

Notes to the Condensed Consolidated Financial Statements

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24. SHARE-BASED COMPENSATION

(A) Pre-IPO Share Option Scheme

Set out below are the details of movements of the outstanding options granted under the Pre-IPO Share Option Scheme during the six months ended 30 June 2017 and 30 June 2016:

	Number of options				
	Outstanding as at 1 January 2016, 30 June 2016 and 1 January 2017	Exercised during the period	Forfeited during the period	Lapsed in the period	Outstanding as at 30 June 2017
Directors:					
Mr. Leung Ming Shu ("Mr. Leung")	62,787	–	–	–	62,787
Mr. Daniel Dewitt Martin (note)	199,659	–	–	–	199,659
Mr. Kang Sun ("Mr. Kang")	249,574	–	–	–	249,574
	<u>512,020</u>	–	–	–	<u>512,020</u>
Exercisable at the end of the period	<u>512,020</u>				<u>512,020</u>
Weighted average exercise price (HK\$)	<u>2.510</u>				<u>2.510</u>

The number of share options under the Pre-IPO Share Option Scheme exercisable at HKD2.51 per share as at 1 January 2016, 30 June 2016, 1 January 2017 and 30 June 2017 were 512,020.

Note: Mr. Daniel Dewitt Martin resigned as a director of the Company during the current reporting period.

At 30 June 2017, the number of shares in respect of which options under the Pre-IPO Share Option Scheme remained outstanding was 512,020 (30 June 2016: 512,020), representing 0.03% (30 June 2016: 0.04%) of the shares of the Company in issue at that date. The Company did not recognise any expense in relation to the share options under the Pre-IPO Share Option Scheme during the six months ended 30 June 2017 and 30 June 2016 since the share options were fully vested in the prior period.

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24. SHARE-BASED COMPENSATION (continued)

(B) Share Option Scheme

Set out below are the details of movements of the outstanding options granted under the Share Option Scheme during the six months ended 30 June 2017 and 30 June 2016:

Granted on 24 May 2010

	Number of options				
	Outstanding as at 1 January 2016, 30 June 2016 and 1 January 2017	Exercised during the period	Forfeited during the period	Lapsed in the period	Outstanding as at 30 June 2017
Director:					
Mr. Shi (note)	300,000				300,000
Employees	1,940,000	–	–	–	1,940,000
	<u>2,240,000</u>	–	–	–	<u>2,240,000</u>
Exercisable at the end of the period	<u>2,240,000</u>				<u>2,240,000</u>
Weighted average exercise price (HK\$)	<u>1.490</u>				<u>1.490</u>

At 30 June 2017, the number of shares in respect of which options granted on 24 May 2010 under the Share Option Scheme remained outstanding was 2,240,000 (30 June 2016: 2,240,000), representing 0.14% (30 June 2016: 0.16%) of the shares of the Company in issue at that date.

Note: Mr. Shi Chen Qi ("Mr. Shi") retired as a director of the Company on 23 May 2016.

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24. SHARE-BASED COMPENSATION (continued)

(B) Share Option Scheme (continued)

Granted on 28 June 2012

	Number of options				
	Outstanding as at 1 January 2016, 30 June 2016 and 1 January 2017	Exercised during the period	Forfeited during the period	Lapsed in the period	Outstanding as at 30 June 2017
Director:					
Mr. Zhang	5,000,000	–	–	–	5,000,000
Mr. Chau Kwok Keung ("Mr. Chau")	228,000	–	–	–	228,000
Employees	3,506,000	–	–	–	3,506,000
Consultants	50,000	–	–	–	50,000
	<u>8,784,000</u>	–	–	–	<u>8,784,000</u>
Exercisable at the end of the period	<u>8,784,000</u>				<u>8,784,000</u>
Weighted average exercise price (HK\$)	<u>0.980</u>				<u>0.980</u>

At 30 June 2017, the number of shares in respect of which options granted on 28 June 2012 under the Share Option Scheme remained outstanding was 8,784,000 (30 June 2016: 8,784,000), representing 0.57% (30 June 2016: 0.63%) of the shares of the Company in issue at that date.

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24. SHARE-BASED COMPENSATION (continued)

(B) Share Option Scheme (continued)

Granted on 27 December 2012

	Outstanding as at 1 January 2016, 30 June 2016 and 1 January 2017	Number of options			Outstanding as at 30 June 2017
		Exercised during the period	Forfeited during the period	Lapsed in the period	
Director:					
Mr. Leung	300,000	–	–	–	300,000
Mr. Daniel Dewitt Martin	300,000	–	–	–	300,000
Mr. Kang	300,000	–	–	–	300,000
Employees	600,000	–	–	–	600,000
Consultants	6,038,000	–	–	–	6,038,000
	<u>7,538,000</u>	–	–	–	<u>7,538,000</u>
Exercisable at the end of the period	<u>7,538,000</u>				<u>7,538,000</u>
Weighted average exercise price (HK\$)	<u>1.262</u>				<u>1.262</u>

At 30 June 2017, the number of shares in respect of which options granted on 27 December 2012 under the Share Option Scheme remained outstanding was 7,538,000 (30 June 2016: 7,538,000), representing 0.49% (30 June 2016: 0.54%) of the shares of the Company in issue at that date.

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24. SHARE-BASED COMPENSATION *(continued)*

(B) Share Option Scheme *(continued)*

Granted on 30 September 2013

	Number of options				
	Outstanding as at 1 January 2016, 30 June 2016 and 1 January 2017	Issue during the period	Exercised during in the period	Forfeited during the period	Outstanding as at 30 June 2017
Consultants	4,020,000	–	–	–	4,020,000
Exercisable at the end of the period	<u>4,020,000</u>				<u>4,020,000</u>
Weighted average exercise price (HK\$)	<u>1.870</u>				<u>1.870</u>

At 30 June 2017, the number of shares in respect of which options granted on 30 September 2013 under the Share Option Scheme remained outstanding was 4,020,000 (30 June 2016: 4,020,000), representing 0.26% (30 June 2016: 0.29%) of the shares of the Company in issue at that date.

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24. SHARE-BASED COMPENSATION (continued)

(B) Share Option Scheme (continued)

Granted on 31 March 2014

For the six months ended 30 June 2017

	Number of options				Outstanding as at 30 June 2017
	Outstanding as at 1 January 2017	Exercised during the period	Forfeited during the period	Lapsed in the period	
Director:					
Mr. Chau	13,000,000	–	–	–	13,000,000
Employees	4,850,000	–	–	–	4,850,000
Consultants	17,800,000	–	–	–	17,800,000
	<u>35,650,000</u>	–	–	–	<u>35,650,000</u>
Exercisable at the end of the period	<u>35,650,000</u>				<u>35,650,000</u>
Weighted average exercise price (HK\$)	<u>1.386</u>				<u>1.386</u>

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

24. SHARE-BASED COMPENSATION (continued)

(B) Share Option Scheme (continued)

Granted on 31 March 2014 (continued)

For the six months ended 30 June 2016

	Number of options				Outstanding as at 30 June 2016
	Outstanding as at 1 January 2016	Exercised during the period	Forfeited during the period	Lapsed in the period	
Director:					
Mr. Chau	13,000,000	–	–	–	13,000,000
Employees	4,850,000	–	–	–	4,850,000
Consultants	17,800,000	–	–	–	17,800,000
	<u>35,650,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>35,650,000</u>
Exercisable at the end of the period	<u>34,787,500</u>				<u>35,650,000</u>
Weighted average exercise price (HK\$)	<u>1.386</u>				<u>1.386</u>

At 30 June 2017, the number of shares in respect of which options granted on 31 March 2014 under the Share Option Scheme remained outstanding was 35,650,000 (30 June 2016: 35,650,000), representing 2.31% (30 June 2016: 2.56%) of the shares of the Company in issue at that date.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

24. SHARE-BASED COMPENSATION (continued)

(B) Share Option Scheme (continued)

Granted on 11 May 2015

For the six months ended 30 June 2017

	Number of options				
	Outstanding as at 1 January 2017	Issue during the period	Exercised during the period	Forfeited during the period	Outstanding as at 30 June 2017
Director:					
Mr. Shi	600,000	–	–	–	600,000
Employees	10,200,000	–	–	–	10,200,000
Consultants	49,000,000	–	–	–	49,000,000
	<u>59,800,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>59,800,000</u>
Exercisable at the end of the period	<u>59,800,000</u>				<u>59,800,000</u>
Weighted average exercise price (HK\$)	<u>1.390</u>				<u>1.390</u>

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

24. SHARE-BASED COMPENSATION (continued)

(B) Share Option Scheme (continued)

Granted on 11 May 2015 (continued)

For the six months ended 30 June 2016

	Number of options				
	Outstanding as at 1 January 2016	Issue during the period	Exercised during the period	Forfeited during the period	Outstanding as at 30 June 2016
Director:					
Mr. Shi	600,000	–	–	–	600,000
Employees	10,200,000	–	–	–	10,200,000
Consultants	49,000,000	–	–	–	49,000,000
	<u>59,800,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>59,800,000</u>
Exercisable at the end of the period	<u>47,341,666</u>				<u>59,800,000</u>
Weighted average exercise price (HK\$)	<u>1.390</u>				<u>1.390</u>

At 30 June 2017, the number of shares in respect of which options granted on 11 May 2015 under the Share Option Scheme remained outstanding was 59,800,000 (30 June 2016: 59,800,000), representing 3.87% (30 June 2016: 4.30%) of the shares of the Company in issue at that date.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

24. SHARE-BASED COMPENSATION (continued)

(B) Share Option Scheme (continued)

Granted on 26 June 2015

For the six months ended 30 June 2017

	Number of options				
	Outstanding as at 1 January 2017	Issue during the period	Exercised during the period	Forfeited during the period	Outstanding as at 30 June 2017
Consultants	20,000,000	–	–	–	20,000,000
Exercisable at the end of the period	<u>20,000,000</u>				<u>20,000,000</u>
Weighted average exercise price (HK\$)	<u>1.500</u>				<u>1.500</u>

For the six months ended 30 June 2016

	Number of options				
	Outstanding as at 1 January 2016	Issue during the period	Exercised during the period	Forfeited during the period	Outstanding as at 30 June 2016
Consultants	20,000,000	–	–	–	20,000,000
Exercisable at the end of the period	<u>15,000,000</u>				<u>20,000,000</u>
Weighted average exercise price (HK\$)	<u>1.500</u>				<u>1.500</u>

At 30 June 2017, the number of shares in respect of which options granted on 26 June 2015 under the Share Option Scheme remained outstanding was 20,000,000 (30 June 2016: 20,000,000), representing 1.29% (30 June 2016: 1.44%) of the shares of the Company in issue at that date.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

24. SHARE-BASED COMPENSATION (continued)

(B) Share Option Scheme (continued)

Granted on 25 November 2015

For the six months ended 30 June 2017

	Number of options				
	Outstanding as at 1 January 2017	Issue during the period	Exercised during the period	Forfeited during the period	Outstanding as at 30 June 2017
Consultants	59,000,000	–	–	–	59,000,000
Exercisable at the end of the period	<u>59,000,000</u>				<u>59,000,000</u>
Weighted average exercise price (HK\$)	<u>0.736</u>				<u>0.736</u>

For the six months ended 30 June 2016

	Number of options				
	Outstanding as at 1 January 2016	Issue during the period	Exercised during the period	Forfeited during the period	Outstanding as at 30 June 2016
Consultants	<u>59,000,000</u>	–	–	–	<u>59,000,000</u>
Exercisable at the end of the period	<u>31,958,333</u>				<u>41,791,667</u>
Weighted average exercise price (HK\$)	<u>0.736</u>				<u>0.736</u>

At 30 June 2017, the number of shares in respect of which options granted on 25 November 2015 under the Share Option Scheme remained outstanding was 59,000,000 (30 June 2016: 59,000,000), representing 3.82% (30 June 2016: 4.24%) of the shares of the Company in issue at that date.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

24. SHARE-BASED COMPENSATION (continued)

(B) Share Option Scheme (continued)

Granted on 9 September 2016

	Number of options				
	Outstanding as at 1 January 2017	Issue during the year	Exercised during the year	Forfeited during the year	Outstanding as at 30 June 2017
Consultants	89,000,000	–	–	–	89,000,000
Exercisable at the end of the period	<u>55,625,000</u>				<u>77,875,000</u>
Weighted average exercise price (HK\$)	<u>0.560</u>				<u>0.560</u>

At 30 June 2017, the number of shares in respect of which options granted on 9 September 2016 under the Share Option Scheme remained outstanding were 89,000,000, representing 5.75% of the shares of the Company in issue at that date.

Granted on 2 May 2017

Pursuant to a board resolution passed on 2 May 2017, the Company granted 28,200,000 share options of the Company, which respectively represent 1.82% of the shares of the Company in issue at the grant date, to directors, employees and consultants of the Company under the Share Option Scheme. Set out below are details of the outstanding options granted under the Share Option Scheme on 2 May 2017:

The options granted are at an exercise price of HK\$0.335 per share and might only be exercised in the following manner:

- (i) Half of the share options for consultants vested and exercisable on date of grant; and
- (ii) The remaining share options for consultants and options for employees and directors will have one-eighth to be vested every three months since the date of grant.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

24. SHARE-BASED COMPENSATION (continued)

(B) Share Option Scheme (continued)

Granted on 2 May 2017 (continued)

Set out below are details of movements of the outstanding options granted under the Share Option Scheme on 2 May 2017 during the six months ended 30 June 2017:

For the six months ended 30 June 2017

	Number of options				
	Outstanding as at 1 January 2017	Issue during the period	Exercised during the period	Forfeited during the period	Outstanding as at 30 June 2017
Director:					
Mr. Zhang Zhen	–	1,500,000	–	–	1,500,000
Chau Kwok Keung	–	1,500,000	–	–	1,500,000
Leung Ming Shu	–	200,000	–	–	200,000
Kang Sun	–	200,000	–	–	200,000
Xu Er Ming	–	200,000	–	–	200,000
Wang Yi Xing	–	200,000	–	–	200,000
Employees	–	14,000,000	–	–	14,000,000
Consultants	–	10,400,000	–	–	10,400,000
	–	28,200,000	–	–	28,200,000
Exercisable at the end of the period	–				5,200,000
Weighted average exercise price (HK\$)	–	0.335			0.335

At 30 June 2017, the number of shares in respect of which options granted on 2 May 2017 under the Share Option Scheme remained outstanding were 28,200,000, representing 1.82% of the shares of the Company in issue at that date.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

24. SHARE-BASED COMPENSATION *(continued)*

(B) Share Option Scheme *(continued)*

Granted on 2 May 2017 (continued)

As of the grant date, the fair value of the share options granted on 2 May 2017 was HKD3,497,000 (HKD0.16 per share) and HKD1,703,000 (HKD0.16 per share) for employees/directors and consultants respectively.

	Employees/ Directors	Consultants
Share price	HK\$0.335	HK\$0.335
Exercise price	HK\$0.335	HK\$0.335
Expected volatility	60.00%	60.00%
Expected life	2.0	1.0
Risk-free interest rate	1.45%	1.45%
Turnover Rate	5%	0%

The risk-free interest rate was based on the interpolated market yield of Hong Kong government bonds with maturities 24 February 2027 and 27 August 2027 as of the option grant date. Expected volatility was determined by using the historical volatility of the Company's share prices. The suboptimal exercise multiple used in the model represents the estimated ratio of future share price over the exercise price when the grantees will exercise the options and has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. Changes in variables and assumptions may result in changes in the fair values of the share options.

The Group recognized an expense of approximately RMB1,475,000 (2016: RMB1,526,000) for the period ended 30 June 2017 in relation to the share options granted by the Company under the Share Option Scheme.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

25. PLEDGE OF ASSETS

	30 June 2017 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2016 <i>RMB'000</i> <i>(Audited)</i>
Prepaid lease payments	22,785	23,061
Property, plant and equipment	133,361	137,817
Pledged bank deposits	21,580	125,972
	177,726	286,850

26. RELATED PARTY TRANSACTIONS

The remuneration of directors and other members of key management personnel during the period were as follows:

	Six months ended 30 June	
	2017 <i>RMB'000</i> <i>(Unaudited)</i>	2016 <i>RMB'000</i> <i>(Unaudited)</i>
Basic salaries and allowances	3,597	2,762
Retirement benefit scheme contributions	94	75
Share-based payments	–	608
	3,691	3,445

The remuneration of directors and key management personnel is determined by the remuneration committee of the Company having regard to the performance of the individuals and market trends.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

27. BUSINESS COMBINATIONS

On 14 November 2016, the Company entered into a sale and purchase agreement with independent third parties not related to the Group, pursuant to which the Company agreed to acquire 51% of the issued share capital of Forum (Asia) Limited at a total maximum consideration of RMB52.02 million. The maximum consideration payable by the Company shall be calculated by reference to the targeted consolidated profit before taxation of Forum (Asia) Limited and its subsidiaries. The consideration is to be satisfied by the Company by allotting and issuing new shares to the vendors as follows:

First Instalment	Maximum Consideration × (Profit Before Tax for the six-month period ending 30 June 2017) ÷ RMB58,000,000
Second Instalment	Maximum Consideration × (Profit Before Tax for the twelve-month period ending 31 December 2017) ÷ RMB58,000,000 – the First Instalment
Third Instalment	Maximum Consideration × (Profit Before Tax for the eighteen-month period ending 30 June 2018) ÷ RMB58,000,000 – the First Instalment – the Second Instalment
Fourth Instalment	Maximum Consideration × (Profit Before Tax for the twenty-four month period ending 31 December 2018) ÷ RMB58,000,000 – the First Instalment – the Second Instalment – the Third Instalment
Fifth Instalment	Maximum Consideration × (Profit Before Tax for the thirty-month period ending 30 June 2019) ÷ RMB58,000,000 – the First Instalment – the Second Instalment – the Third Instalment – the Fourth Instalment
Sixth Instalment	Maximum Consideration × (Profit Before Tax for the thirty-six month period ending 31 December 2019) ÷ RMB58,000,000 – the First Instalment – the Second Instalment – the Third Instalment – the Fourth Instalment – the Fifth Instalment

The total numbers of the Company's shares to be issued to satisfy the maximum consideration is 166,479,449, which is determined HK\$0.355 per share.

The acquisition was completed on 1 March 2017. Full details of this acquisition is disclosed in a circular of the Company dated 1 March 2017.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

27. BUSINESS COMBINATIONS (continued)

The provisional fair values of the identifiable assets and liabilities of Forum (Asia) Limited as at the date of acquisition were as follows:

	<i>RMB'000</i>
Cash	1,000
Franchise relationship	5,899
Backlog	971
Non-compete agreement	11,150
Deferred tax liability	<u>(2,974)</u>
Total identifiable assets and liabilities	16,046
Less: non-controlling interests	(8,821)
Goodwill	<u>39,025</u>
	<u><u>46,250</u></u>
Satisfied by:	
Contingent consideration payables, represents issue of ordinary shares of the Company on earn-out basis	45,250
Cash paid	<u>1,000</u>
	<u><u>46,250</u></u>

Goodwill arose in the acquisition of Forum (Asia) Limited because the consideration for the combination effectively included amounts in relation to the future business growth of Forum (Asia) Limited. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on the above acquisition is expected to be deductible for the tax purposes.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2017

28. SUBSEQUENT EVENTS

On 13 July 2017, the Company entered into a subscription agreement with an independent third party ("Subscriber A") pursuant to which Subscriber A has conditionally agreed to subscribe for 118,389,897 new shares of the Company at a subscription price of HK\$0.2534 per share. On 20 July 2017, all the subscription shares have been allotted and issued to the Subscriber A. The net proceeds from the subscription (after deducting related professional fees and related expenses) are approximately HK\$29.2 million.

On 21 July 2017, the Company entered into another subscription agreement with another independent third party ("Subscriber B") pursuant to which Subscriber B has conditionally agreed to subscribe for 190,912,714 new shares of the Company at a subscription price of HK\$0.25 per share. The net proceeds from the subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$46.9 million. Such share subscription has yet been completed as of the date of issuance of the condensed consolidated financial statements.

Definitions

In this report, unless the context otherwise requires, the following terms shall have the following meanings:

“Board” or “Board of Directors”	the board of Directors
“Company”	Comtec Solar Systems Group Limited
“Corporate Governance Code”	Code on corporate governance practices contained in Appendix 14 to the Listing Rules
“Directors(s)”	the director(s) of the Company
“Euro”	the lawful currency of the eurozone
“Fonty”	Fonty Holdings Limited
“Group”	the Company and its subsidiaries
“HKD” or “HK\$” and “HK cent(s)”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Date”	the date on which dealing in the Shares first commences on the main board of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Model Code”	Model code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“MW”	megawatt, which equals 10 ⁶ Watt
“Period”	the six months ended 30 June 2017
“Photovoltaic” or “PV”	the field of technology and research related to the application of solar cells for energy by converting solar energy (sunlight, including ultra violet radiation) directly into electricity (solar electricity)
“PRC” or “China”	The People’s Republic of China

Definitions

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent