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

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 712)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

HIGHLIGHTS

- Revenue for the Period was approximately RMB172.6 million, representing a year-on-year decrease of 64.7% from approximately RMB489.2 million for the year ended 31 December in 2017;
- Gross loss for the Period was approximately RMB5.5 million, comparing to gross profit of approximately RMB8.0 million for the year ended 31 December 2017;
- Gross loss margin for the Period was approximately 3.2%, decreased from gross profit margin of 1.6% for the year ended 31 December in 2017;
- Net losses attributable to the owners of the Company for the Period was approximately RMB179.9 million, increased from net losses of RMB140.3 million for the year ended 31 December 2017;
- Net loss margin attributable to owners of the Company for the Period was approximately 104.2%, comparing to net losses margin of 28.7% for the year ended 31 December 2017; and
- Our loss per share for the Period was RMB8.58 cents, comparing to the losses per share of RMB8.15 cents for the year ended 31 December 2017.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Company, I am pleased to present the audited annual results of the Group for the Period. Here are some of our financial and business highlights for the year:

- Revenue for the Period was approximately RMB172.6 million, representing a year-on-year decrease of 64.7% from approximately RMB489.2 million for the year ended 31 December 2017;

- Gross loss for the Period was approximately RMB5.5 million, comparing to gross profit of approximately RMB8.0 million for the year ended 31 December 2017;

- Gross loss margin for the Period was approximately 3.2%, decreased from gross profit margin of 1.6% for the year ended 31 December 2017;

- Net losses attributable to the owners of the Company for the Period was approximately RMB179.9 million, increased from net losses of RMB140.3 million for the year ended 31 December 2017;

- Net loss margin attributable to owners of the Company for the Period was approximately 104.2%, comparing to net losses margin of 28.7% for the year ended 31 December 2017; and

- Our loss per share for the Period was RMB8.58 cents, comparing to the losses per share of RMB8.15 cents for the year ended 31 December 2017.

During the Period, certain new policies were launched by the Chinese government which have caused disruptions in the solar industry. Such new policies reduced solar installation quota and feed-in-tariffs in the PRC during the second half of 2018. Such new policies created uncertainties in the domestic solar market and negatively impacted industry demand and selling price of upstream products.

In order to remain flexible and rapidly adapt our business to the challenging market environment, we continued to reduce our fixed costs of operations and the level of our fixed assets in the manufacturing business segment. We focused on further strengthening our supply chain management, advanced technological capabilities, high quality product offerings, and premium customer bases to ensure our long-term competitiveness. We also actively looked for opportunities to out-source production procedures to third party processing agents whenever it is in our commercial interest. We believe out-sourcing our production procedures would be more cost effective when there are excess production capacities in the market. We continued to reduce head counts and to dispose of fixed assets which were low in utilization. We also rented out certain idle space in our factories. As our factory in Haian can accommodate all of our remaining manufacturing equipment, we would also consider to dispose our factory in Shanghai which has higher appraised value, if we receive an attractive offer from potential buyer. These measures are aligned with our overall strategy of improving our operating efficiencies.

Throughout the Period, we were free from the impact of long term purchase agreements for polysilicon which led to substantial amount of losses of the Group in the last few years. The absence of commitment to such long term supply contracts gives the Group more flexibility in managing its supply chain to adapt to market situations and the benefit from decreasing spot prices of raw materials. We intend to continuously improve the cost competitiveness of our existing upstream solar manufacturing business as a solid foundation to support the development of our downstream solar businesses. We strive to create synergies among our existing upstream solar business and other new business initiatives in the renewable energies industry in order to create value for our shareholders. In addition, we concluded a re-negotiation with a long term supplier in December 2018 which enabled us to substantially realize the remaining amount of our prepayments made to that supplier in previous years. An amount of approximately USD5.1 million has been offset with the full amount of our purchase of polysilicon from the supplier throughout the first quarter of 2019.

We believe the industry demand will continue to grow in the long term as solar PV is becoming increasingly cost competitive and less dependent on government policies and subsidies. We remain confident in the long-term sustainable growth of the industry despite the impact by the recent solar PV policies issued by the Chinese government. We proactively design and execute various strategies to navigate this challenging period in the industry.

In order to enhance our profit and profitability, the Group also made continuous efforts to develop and expand its new business initiatives. On 18 September 2017, Comtec Renewable Energy and Macquarie Capital entered into a shareholders' agreement, pursuant to which Comtec Renewable Energy and Macquarie Capital agreed to form Future Energy Capital for the purpose of developing and expanding the downstream solar business. Future Energy Capital specifically focuses on rooftop distributed generation projects on commercial and industrial buildings. It is owned as to 50% by Comtec Renewable Energy and 50% by Macquarie Capital, respectively, and the total subscription amount to be paid by each party for the transaction is up to a maximum of US$5.0 million. Future Energy Capital focuses on the development, project management and construction of distributed solar generated power projects in the PRC with an aggregate capacity of 30 to 40 MW. the Throughout the Period, Future Energy Capital has established its investment platform in the PRC and was in the process to build up its own project portfolio. We believe the cooperation with Macquarie Capital will broaden the Group's strategic cooperation with international financial institutions, which strengthens and improves the financial resources of the Group.

As of 31 December 2018, the Group has transferred certain grid-connected downstream rooftop distributed generation projects of approximately 5.0 MW in aggregate to Future Energy Capital.

On 25 May 2017, Comtec Renewable Energy (Jiangsu) Limited* (卡姆丹克清潔能源(江蘇)有限公司) (as Comtec Clean Energy was then known as) ("**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 RMB14.0 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 represented 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 marked the Group's continuous efforts in diversifying its business.

We expect the sound developments and growth prospects of the electric vehicle industry and the power storage industry would drive sustainable growth and profitability of Kexin. Throughout the Period, Kexin has achieved remarkable growth of business and it recorded revenue of approximately RMB65.6 million for the year, representing an increase of approximately 1,161.5%, from RMB5.2 million which was included in the consolidated revenue of the Group for the year ended 31 December 2017 since the completion of its acquisition in October 2017.

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

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

On 18 May 2018 (after trading hours), Putana Limited and the Company entered into a subscription agreement in respect of the issue of convertible bonds (the "**Convertible Bonds**") in the aggregate principal amount of US$10.0 million due 2021 with interest rate per annum of 10.0%. The conversion price is HK$0.174 per share for a potential maximum amount of 451,137,931 conversion shares (the "**Conversion Shares**") to be allotted and issued upon exercise in full of the conversion rights attached to the Convertible Bonds which represent (i) approximately 21.5% of the existing issued share capital of the Company as of 18 May 2018, and (ii) approximately 17.7% of the issued share capital as enlarged by the issue of the Conversion Shares in full. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges. The net proceeds from the issue of the Convertible Bonds was approximately US$9.9 million, 80% of which will be used for providing funding for Future Energy Capital and other downstream projects, and 20% of which will be used as general working capital. The issue of Convertible Bonds was completed on 27 July 2018. Please refer to the announcement of the Company dated 18 May 2018 and the circular of the Company dated 9 July 2018 for further details.

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 issuance of the Convertible Bonds. In addition, we implemented and will continue to implement a balanced financing plan to support our business operation.

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

John Yi Zhang
Chairman

Shanghai, 29 March 2019

ANNUAL RESULTS

The Board is pleased to announce the audited consolidated financial results of the Group for the Period, together with the comparative figures for the corresponding year in 2017. These results have been reviewed by the Company's audit committee, comprising all the independent non-executive Directors, with one of them chairing the committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	NOTES	**2018** ***RMB'000***	2017 *RMB'000*
Revenue	*4, 5*	**172,617**	489,208
Cost of sales		**(178,138)**	(481,230)
Gross (loss) profit		**(5,521)**	7,978
Other income	*6*	**14,403**	29,029
Other gains and losses	*7*	**(64,120)**	(45,832)
Impairment losses, net of reversal		**(17,054)**	(7,690)
Distribution and selling expenses		**(6,012)**	(11,049)
Administrative expenses		**(92,895)**	(81,846)
Research and development expenses		**(5,785)**	(5,865)
Share of profit of a joint venture		**1,339**	–
Finance costs		**(23,849)**	(15,925)
Loss before tax	*8*	**(199,494)**	(131,200)
Income tax credit (expense)	*9*	**12,912**	(14,247)
Loss for the year		**(186,582)**	(145,447)
Loss for the year attributable to			
Owners of the Company		**(179,882)**	(140,296)
Non-controlling interests		**(6,700)**	(5,151)
		(186,582)	(145,447)
		RMB cents	*RMB cents*
Loss per share	*11*		
— Basic		**(8.58)**	(8.15)
— Diluted		**(8.58)**	(8.15)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018	2017
	RMB'000	*RMB'000*
Loss for the year	**(186,582)**	(145,447)
Other comprehensive income (expense)		
Items that will not be reclassified to profit or loss:		
Gain on revaluation of investment properties transferred from property, plant and equipment and prepaid lease payments	**–**	41,387
Deferred tax arising from gain on revaluation of investment properties transferred from property, plant and equipment and prepaid lease payments	**–**	(10,347)
Other comprehensive income for the year	**–**	31,040
Total comprehensive expense for the year	**(186,582)**	(114,407)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(179,882)**	(109,256)
Non-controlling interests	**(6,700)**	(5,151)
	(186,582)	(114,407)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2018

	NOTES	2018 RMB'000	2017 RMB'000
Non-current assets			
Property, plant and equipment		**166,444**	142,129
Prepaid lease payments	12	**12,933**	13,484
Investment properties		**86,027**	86,027
Goodwill	13	**66,892**	105,917
Intangible assets	14	**5,645**	67,757
Interests in a joint venture		**10,514**	–
Deposits paid for acquisition of property, plant and equipment		**148**	22,354
		348,603	437,668
Current assets			
Inventories	15	**18,788**	43,209
Trade and other receivables	16	**75,207**	131,346
Bills receivable	16	**–**	1,684
Advance to suppliers		**71,611**	64,509
Prepaid lease payments	12	**549**	335
Pledged bank deposits		**22,063**	20,874
Bank balances and cash		**8,020**	32,107
		196,238	294,064
Current liabilities			
Trade and other payables	17	**139,068**	131,057
Contract liabilities	18	**51,530**	–
Customers' deposits received		**–**	43,203
Short-term bank loans		**170,172**	200,339
Tax liabilities		**5,785**	10,333
Deferred income		**287**	287
Contingent consideration payables	19	**5,936**	9,884
Obligations under finance lease		**820**	–
		373,598	395,103
Net current liabilities		**(177,360)**	(101,039)
Total assets less current liabilities		**171,243**	336,629

	NOTES	2018 RMB'000	2017 RMB'000
Non-current liabilities			
Long-term bank loans		**5,400**	11,950
Deferred tax liabilities	*20*	**18,503**	31,958
Long-term payable		**4,500**	4,500
Deferred income		**3,725**	4,011
Contingent consideration payables	*19*	**–**	42,105
Convertible bonds	*21*	**72,902**	–
Obligations under finance lease		**8,501**	–
		113,531	94,524
Capital and reserves			
Share capital		**1,807**	1,807
Reserves		**53,074**	231,337
Equity attributable to owners of the Company		**54,881**	233,144
Non-controlling interests		**2,831**	8,961
Total equity		**57,712**	242,105
		171,243	336,629

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. GENERAL

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

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group experienced a net loss of RMB186,582,000 for the year ended 31 December 2018 and had a working capital deficit (total consolidated current liabilities exceeded total consolidated current assets) of RMB177,360,000 although a net assets of RMB57,712,000 are maintained as at that date. 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 plan:

- The Group currently is negotiating with banks to seek for the renewal of the loans and extension of the maturity date. 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 controlling shareholder committed to provide necessary financial support to the Group by either subscribing new shares of the Company or to provide shareholder's loan according to the listing rules requirements;

- The existing convertible bonds holder also committed to provide the funding to the Group to improve the Group's liquidity when necessary;

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

Based on the refinanced short-term bank loans plan, the liquidity plan and the strict control on cash outflow strategy, the directors of the Company are of the opinion that the Group has sufficient working capital for its presentation requirements that is for at least the next 12 months commencing from the date of the consolidated financial statements. Hence the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

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

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers and the related Amendments*
IFRIC-Int 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
Amendments to IAS 28	*As part of the Annual Improvements to IFRSs 2014–2016 Cycle*
Amendments to IAS 40	*Transfers of Investment Property*

As a result of the changes in the entity's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each individual line item.

	31 December 2017 (Audited) *RMB'000*	IFRS 15 *RMB'000*	IFRS 9 *RMB'000*	**1 January 2018 (Restated)** ***RMB'000***
Current Assets				
Trade and other receivables	131,346	–	(945)	**130,401**
Current liabilities				
Customers' deposit received	43,203	(43,203)	–	**–**
Contract liabilities	–	43,203	–	**43,203**
Capital and Reserves				
Reserves	231,337	–	(945)	**230,392**

Except as described above, the application of amendments to IFRSs in the current year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

4. REVENUE

A. For the year ended 31 December 2018

Disaggregation of revenue from contracts with customers

Segments	For the year ended 31 December 2018 Upstream business *RMB'000*	 Downstream solar and power storage *RMB'000*
Types of goods or service		
Sales of monocrystalline solar wafers	58,805	–
Sales of monocrystalline solar ingots	22,697	–
Sales of polysilicon	4,633	–
Sales of solar modules	4,564	–
Power storage products	–	65,633
Consulting services for photovoltaic power stations	–	840
Revenue on power generation	–	9,862
Installation service for photovoltaic power stations	–	5,080
Sales of others	503	–
Total revenue	91,202	81,415
Geographical markets		
PRC including Hong Kong SAR	82,030	78,339
Philippines and Malaysia	–	3,076
Japan	9,127	–
Korea	45	–
Total revenue	91,202	81,415
Timing of revenue recognition		
At a point of time	91,202	76,335
Overtime	–	5,080
Total revenue	91,202	81,415

B. For the year ended 31 December 2017

An analysis of the Group's revenue for the year from continuing operations is as follows:

	Year ended 31/12/2017 *RMB'000*
Sales of monocrystalline solar wafers	249,510
Sales of monocrystalline solar ingots	45,465
Sales of polysilicon	65,295
Sales of solar cells	34,787
Sales of solar modules	37,467
Sales of power storage products	5,187
Consulting services for investment, development, construction and operation of solar photovoltaic power stations	47,174
Sales of others	4,323
	489,208

5. SEGMENT INFORMATION

The Group is principally engaged in research, production and sales of efficient mono-crystalline products, provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations and the research, production and sales of power storage products. The Group has two operating and reportable segments for financial reportable purpose in 2018. The Group's segment (loss) profit is the (loss) profit before taxation of the Group.

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

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

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

Segment revenues and results

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

	Upstream *RMB'000*	Downstream *RMB'000*	Total *RMB'000*
For the year ended 31 December 2017:			
Revenue	442,034	47,174	489,208
Cost of sales and services	(473,380)	(7,850)	(481,230)
Segment (loss) profit	(31,346)	39,324	7,978
Other income			29,029
Impairment losses, net of reversal			(7,690)
Other gains and losses			(45,832)
Distribution and selling expenses			(11,049)
Administrative expenses			(81,846)
Research and development expenses			(5,865)
Finance costs			(15,925)
Loss before tax			(131,200)

Information about major customers

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

	Year ended 31/12/2018 RMB'000	Year ended 31/12/2017 RMB'000
Customer A[1]	**58,022**	4,566
Customer B[2]	**19,256**	57,496

1 Revenue from Downstream Solar and Power Storage Segment
2 Revenue from Upstream Segment

Geographical information

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

	31/12/2018 RMB'000	31/12/2017 RMB'000
PRC including Hong Kong SAR	**348,214**	437,279
Malaysia	**389**	389
	348,603	437,668

6. OTHER INCOME

	Year ended 31/12/2018 RMB'000	Year ended 31/12/2017 RMB'000
Government grant *(Note)*	**6,886**	26,764
Deferred income amortisation	**287**	287
Rental income	**5,078**	1,606
Interest income	**382**	296
Others	**1,770**	76
	14,403	29,029

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

7. OTHER GAINS AND LOSSES

	Year ended 31/12/2018 *RMB'000*	Year ended 31/12/2017 *RMB'000*
Net foreign exchange losses	**(8,763)**	(3,861)
Gain on fair value change of contingent consideration payables	**46,053**	22,016
Loss on disposal of property, plant and equipment	**(280)**	(14,796)
Impairment losses recognised in respect of advance to suppliers and deposits paid for acquisition of property, plant and equipment	**(8,915)**	–
Impairment loss recognised in respect of goodwill *(Note 13)*	**(39,025)**	–
Impairment loss recognised in respect of intangible assets *(Note 14)*	**(48,700)**	–
Loss on fair value change of convertible bonds *(Note 21)*	**(1,040)**	–
Loss on disposal of subsidiaries	**(3,450)**	–
Impairment losses recognised in respect of property, plant and equipment	**–**	(36,872)
Losses recognised in respect of provision for termination of Malaysian plant under construction	**–**	(6,200)
Losses recognised in respect of provision for compensation to a supplier	**–**	(6,119)
	(64,120)	(45,832)

8. LOSS BEFORE TAX

	Year ended 31/12/2018 *RMB'000*	Year ended 31/12/2017 *RMB'000*
Loss before tax has been arrived at after charging:		
Staff costs, including Director's remuneration		
Salaries, wages, bonus and other benefits	**36,969**	43,344
Retirement benefits schemes contributions	**3,397**	5,188
Share based payments expenses	**2,564**	2,106
Total staff costs	**42,930**	50,638
Capitalised in inventories	**(9,109)**	(19,829)
	33,821	30,809
Depreciation of property, plant and equipment	**19,448**	18,086
Capitalised in inventories	**(13,500)**	(16,930)
	5,948	1,156
Auditor's remuneration	**2,140**	2,100
Cost of inventories recognised as expense *(Note (i))*	**170,247**	473,380
Release of prepaid lease payments	**337**	551
Amortisation of intangible assets	**13,412**	21,288
Research and development expenses	**5,785**	5,865
Operating lease rentals in respect of rented premises	**7,731**	3,803
Rental income for investment properties	**(5,078)**	(1,606)

Notes:

(i) Included in cost of inventories recognised as expense represented provision of inventories of approximately RMB2,633,000 (2017: RMB17,381,000) to their net realisable values.

9. INCOME TAX (CREDIT)EXPENSE

	Year ended 31/12/2018 ***RMB'000***	Year ended 31/12/2017 *RMB'000*
Current tax:		
PRC Enterprise Income Tax	**–**	15,208
Under provision in prior years	**543**	–
	543	15,208
Deferred tax *(Note 20)*:		
Current year	**(13,455)**	(961)
	(12,912)	14,247

No Hong Kong Profits Tax was provided for the years ended 31 December 2018 and 31 December 2017 as the group entities either had no relevant assessable profits or incurred tax losses in Hong Kong.

PRC income tax is calculated at the applicable tax rates in accordance with the relevant laws and regulations in the PRC. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

During the years ended 31 December 2018 and 31 December 2017, the applicable tax rate of Shanghai Comtec Solar Technology Co., Ltd. ("Comtec Solar") was 15% as it was qualified as a New High-Tech enterprise for the period of five years form 1 January 2014 to 31 December 2018.

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

The income tax expense for the year can be reconciled to the loss before taxation as follows:

	Year ended 31/12/2018 ***RMB'000***	Year ended 31/12/2017 *RMB'000*
Loss before tax	**(199,494)**	(131,200)
Tax at domestic income tax rate (25%) (2017: 25%)	**(49,874)**	(32,800)
Tax effect of share of profit of a joint venture	**(335)**	–
Tax effect of expenses not deductible for tax purpose	**1,377**	14,492
Tax effect of temporary difference not recognised	**36,835**	33,516
Effect of tax exemption granted to PRC subsidiaries	**(1,379)**	–
Under provision in prior years	**543**	–
Over provision on withholding tax on undistributed dividends	**(79)**	(961)
Income tax (credit) expense for the year	**(12,912)**	14,247

10. DIVIDENDS

No dividend was paid, declared or proposed during the year 2018 and 2017.

The directors of the Company do not recommend the payment of a final dividend.

11. LOSS PER SHARE

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

	Year ended 31/12/2018 *RMB'000*	Year ended 31/12/2017 *RMB'000*
Loss for the year		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(179,882)**	(140,296)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,097,703,580**	1,720,898,993

The outstanding share options and conversion option of convertible bonds of the Company have not been included in the computation of diluted loss per share as they are anti-diluted to the net loss for the year ended 31 December 2018 and 31 December 2017.

12. PREPAID LEASE PAYMENTS

	31/12/2018 *RMB'000*	31/12/2017 *RMB'000*
Carrying values		
At 1 January	**13,819**	23,061
Released to profit or loss	**(337)**	(551)
Transfer to investment properties	**–**	(8,691)
At 31 December	**13,482**	13,819
Current portion	**549**	335
Non-current portion	**12,933**	13,484

The lease payments represent the land use rights situated in the PRC which are under medium-term leases.

As at 31 December 2018, prepaid lease payments with carrying amount of approximately RMB13,482,000 (2017: RMB13,819,000) was pledged to banks to secure banking facilities granted to the Group.

13. GOODWILL

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
At 1 January	**105,917**	60,256
Acquired during the year	**–**	45,661
Impairment recognised	**(39,025)**	–
At 31 December	**66,892**	105,917

The carrying amounts of goodwill as at 31 December 2018 and 2017 are as follows:

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
Comtec Renewable Energy Group Limited	**60,256**	60,256
Comtec (Asia) Limited	**–**	39,025
Zhenjiang Kexin Power System Design and Research Company Limited	**6,636**	6,636
At 31 December	**66,892**	105,917

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 amounts of the above cash-generating units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating units. The growth rates are by reference to industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Goodwill impairment of Comtec (Asia) Limited

Due to the change of industry environment and the release of new government policy "2018 PV Power Generation Notice (2018光伏發電有關事項的通知)" on 31 May 2018, which has negative impact on installation quotas of distributed generation projects in the foreseeable future, the goodwill arising from the acquisition was fully impaired during the current reporting period as the actual performance in the current reporting period didn't meet the expectation of the business forecast, in the opinion of the directors of the Company it could not be recovered from the relevant cash generating unit related to the distributed generation projects and fully impaired accordingly.

14. INTANGIBLE ASSETS

The balance of intangible assets is analysed as follows:

	Cooperative agreement *RMB'000*	Non-compete agreement *RMB'000*	Franchise relationship *RMB'000*	Backlog *RMB'000*	Technology *RMB'000*	Total *RMB'000*
At 1 January 2017	51,500	11,550	–	–	–	63,050
Additions	–	13,026	5,899	970	6,100	25,995
Amortisation	12,875	4,407	2,731	970	305	21,288
At 31 December 2017	38,625	20,169	3,168	–	5,795	67,757
Amortisation	6,438	4,115	1,639	–	1,220	13,412
Impairment *(Note)*	32,187	14,984	1,529	–	–	48,700
At 31 December 2018	–	1,070	–	–	4,575	5,645

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

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

Note:

Due to the change of industry environment and the release of new government policy "2018 PV Power Generation Notice (2018光伏發電有關事項的通知)" on 31 May 2018, which has negative impact on installation quotas of distributed generation projects in the foreseeable future, the intangible assets in the carrying amount of RMB32,187,000 arising from the signed cooperative agreements in the acquisition of Comtec Renewable Energy Group Limited was fully impaired during the current reporting period.

At the same time, the intangible assets in the amount of RMB14,984,000 arising from the non-compete agreement in the acquisition of Comtec Renewable Energy Group Limited and Comtec (Asia) Limited was totally impaired during the current reporting period as the actual performance in the current reporting period didn't meet the expectation of the business forecast.

15. INVENTORIES

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
Raw materials	**8,555**	13,727
Work-in-progress	**3,814**	17,430
Finished goods	**6,419**	12,052
	18,788	43,209

As at 31 December 2018, the carrying amount of the inventories disclosed above included inventory provision of RMB2,704,000 (2017: RMB17,452,000) and the movements of which are as follows:

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
At 1 January	**17,452**	96,599
Written off	**(17,381)**	(96,528)
Provision	**2,633**	17,381
At 31 December	**2,704**	17,452

16. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLE

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
Trade receivables	**61,536**	69,269
Written off	**(131)**	(5,151)
Less: expected credit loss	**(25,558)**	(7,690)
	35,847	56,428
Value-added-tax recoverable	**32,412**	43,729
Other receivables	**6,948**	31,189
	75,207	131,346
Bills receivable	**–**	1,684

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

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
Age		
0 to 30 days	**2,805**	18,368
31 to 60 days	**7,656**	6,167
61 to 90 days	**1,052**	353
91 to 180 days	**12,260**	6,438
Over 180 days	**12,074**	25,102
	35,847	56,428

As at 31 December 2018, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB12,921,000 which are past due as at the reporting date. Out of the past due balances, RMB9,661,000 has been past due 90 days or more and is not considered as credit-impaired as the Group has collaterals over these balances.

As at 31 December 2017, 71% of the trade receivables that are neither past due nor impaired have the high credit scoring attributable under the internal credit scoring system used by the Group.

As at 31 December 2017, included in the Group's trade receivables are debtors with an aggregate carrying amount of RMB16,448,000 which are past due at the end of the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

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

	31/12/2017
	RMB'000
Overdue by:	
61 to 90 days	353
91 to 180 days	6,120
Over 180 days	9,975
	16,448

Movements in the allowance for doubtful debts:

	31/12/2017
	RMB'000
1 January	5,151
Impairment losses recognised	7,690
Write offs	(5,151)
31 December	7,690

As at 31 December 2018, the carrying amount of trade receivables amounted to RMB526,000 (31 December 2017: nil) have been pledged as security for the Group's borrowing.

The Group's trade and other receivables and bills receivable that were denominated in United States dollars ("USD"), Malaysian Ringgit ("MYR") foreign currency of the relevant group entities, were re-translated in RMB and stated for financial reporting purposes as:

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
Trade and other receivables denominated in USD	**289**	6,996
Trade and other receivables denominated in MYR	**1,613**	–

17. TRADE AND OTHER PAYABLES

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
Trade payables	**79,148**	83,947
Payables for acquisition of property, plant and equipment	**39,177**	17,106
Provision for termination costs for termination of Malaysian plant under construction	**–**	1,267
Staff salaries and welfare payables	**7,412**	7,430
Other payables and accrued charges	**13,331**	21,307
	139,068	131,057

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

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
Age		
0 to 30 days	**20,788**	45,815
31 to 60 days	**5,571**	11,544
61 to 90 days	**2,698**	5,604
91 to 180 days	**10,173**	4,570
Over 180 days	**39,918**	16,414
	79,148	83,947

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

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

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
Trade and other payables denominated in:		
USD	**27,226**	31,174
MYR	**86**	1,372

18. CONTRACT LIABILITIES

	31/12/2018	01/01/2018*
	RMB'000	*RMB'000*
Contract liabilities		
— third parties	**51,530**	43,203

* The amounts in this column are after the adjustments from the application of IFRS15.

The contract liability is the consideration received from the customers which represents the Group's obligation to transfer goods to customers has not been completed. All the contract liabilities at the beginning of the period has been realised to revenue in the reporting period.

19. CONTINGENT CONSIDERATION PAYABLES

The balances of the contingent consideration payables are analysed as:

	31/12/2018	31/12/2017
	RMB'000	*RMB'000*
At 1 January	**51,989**	93,835
Initial recognition	**–**	45,250
Change in fair value *(Note)*	**(46,053)**	(22,016)
Transferred to equity	**–**	(65,080)
At 31 December	**5,936**	51,989
Analysed as:		
Current portion	**5,936**	9,884
Non-current portion	**–**	42,105
	5,936	51,989

The contingent consideration arose from the issue of ordinary shares of the Company on earn-out basis in relation to business acquisitions. The contingent consideration is classified as a financial instrument (financial liability at fair value through profit or loss) and recognised in the consolidated statement of financial position at fair value. The fair value of the contingent consideration at the date of initial recognition and as at 31 December 2018 are based on the calculation on the business performance of the acquired companies and the change of stock price and exchange rate.

Note: Due to the change of industry environment and the release of new government policy "2018 PV Power Generation Notice (2018光伏發電有關事項的通知)" on 31 May 2018, which has negative impact on installation quotas of distributed generation projects in the foreseeable future, especially for Comtec (Asia) Limited, the actual performance in the current reporting period didn't meet the expectation of business forecast, so the contingent consideration payable relating to the acquisition of Comtec (Asia) Limited was almost fully reversed during the current reporting period.

20. DEFERRED TAX LIABILITIES

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

	Withholding tax on undistributed dividends *RMB'000*	**Fair value adjustment** *RMB'000*	**Total** *RMB'000*
At 1 January 2017	(7,880)	(10,403)	(18,283)
Credit to profit or loss	961	–	961
Charge to property revaluation reserve	–	(10,347)	(10,347)
Acquisitions of subsidiaries	–	(4,289)	(4,289)
At 31 December 2017	(6,919)	(25,039)	(31,958)
Credit to profit or loss	79	13,376	13,455
At 31 December 2018	(6,840)	(11,663)	(18,503)

21. CONVERTIBLE BONDS

The Company issued US$ settled convertible bonds (the "Bonds") at a par value in an aggregate principal amount of US$ 10,000,000 with interest rate of 10% per annum on 27 July 2018.

The principal terms of the Bonds

(i) Denomination of the Bonds — The Bonds are denominated in RMB and settled in US$.

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

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

(iv) Conversion

a) Conversion price — The price is HKD0.174 per share to be issued upon conversion of the bonds, including the consolidation, subdivision and reclassification of the company; capitalisation of profits or reserves; distributions; rights issues of shares or options over shares and other securities; issues and other issues at less than current market price; modification of rights of conversion and other certain events.

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

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

(v) Redemption

a) Relevant event redemption date — A day set by the bondholder that is no later than 6 months after the Relevant Event Redemption Notice has been delivered to the Company.

b) Redemption rights- The bondholder shall have the right to require the Company to redeem all (but not part) of the bonds on the relevant event redemption date.

c) Redemption amount- The outstanding principal amount of the bonds together with all outstanding interest accrued shall be repaid by the Company.

The convertible bonds contain two components, debt component and derivative component. The effective interest of debt component is 12.44%.The derivative component is measured at fair value with changes in fair value recognised in profit or loss subsequently.

The movement of the debt and derivative components of the convertible bonds for the year is set out as below:

	Debt Component *RMB'000*	**Derivative Component** *RMB'000*
As at 1 January 2017 and 31 December 2017	–	–
Issued at 27 July 2018	61,689	6,476
Interest charge	3,275	–
Loss arising on changes of fair value	–	1,040
Exchange realignment	389	33
As at 31 December 2018	65,353	7,549

22. CAPITAL COMMITMENTS

	31/12/2018 ***RMB'000***	31/12/2017 *RMB'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**–**	41,889

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Throughout the Period, the Group was still in a process to restructure its manufacturing business and to expand into the new business initiatives in the renewable industry.

During the Period, certain new policies were launched by the Chinese government which have caused disruptions in the solar industry. Such new policies reduced solar installation quota and feed-in-tariffs in the PRC during the second half of 2018. Such new policies created uncertainties in the domestic solar market and negatively impacted industry demand and selling price of upstream products.

In order to remain flexible and rapidly adapt our business to the challenging market environment, we continued to reduce our fixed costs of operations and the level of our fixed assets in the manufacturing business segment. We focused on further strengthening our supply chain management, advanced technological capabilities, high quality product offerings, and premium customer bases to ensure our long-term competitiveness. We also actively looked for opportunities to out-source production procedures to third party processing agents whenever it is in our commercial interest. We believe out-sourcing our production procedures would be more cost effective when there are excess production capacities in the market. We continued to reduce head counts and to dispose of fixed assets which were low in utilization. We also rented out certain idle space in our factories. As our factory in Haian can accommodate all of our remaining manufacturing equipment, we would also consider to dispose our factory in Shanghai, which has higher appraised value, if we receive an attractive offer from potential buyer. These measures are aligned with our overall strategy of improving our operating efficiencies.

Throughout the Period, we were free from the impact of long term purchase agreements for polysilicon which led to substantial amount of losses of the Group in the last few years. The absence of commitment to such long term supply contracts gives the Group more flexibility in managing its supply chain to adapt to market situations and the benefit from decreasing spot prices of raw materials. We intend to continuously improve the cost competitiveness of our existing upstream solar manufacturing business as a solid foundation to support the development of our downstream solar businesses. We strive to create synergies among our existing upstream solar business and other new business initiatives in the renewable energies industry in order to create value for our shareholders. In addition, we concluded a re-negotiation with a long term supplier in December 2018 which enabled us to substantially realize the remaining amount of our prepayments made to that supplier in previous years. An amount of approximately USD5.1 million has been offset with the full amount of our purchase of polysilicon from the supplier throughout the first quarter of 2019.

We believe the industry demand will continue to grow in the long term as solar PV is becoming increasingly cost competitive and less dependent on government policies and subsidies. We remain confident in the long-term sustainable growth of the industry despite the impact by the recent solar PV policies issued by the Chinese government. We proactively design and execute various strategies to navigate this challenging period in the industry.

In order to enhance our profit and profitability, the Group also made continuous efforts to develop and expand its new business initiatives. On 18 September 2017, Comtec Renewable Energy and Macquarie Capital entered into a shareholders' agreement, pursuant to which Comtec Renewable Energy and Macquarie Capital agreed to form Future Energy Capital for the purpose of developing and expanding the downstream solar business. Future Energy Capital specifically focuses on rooftop distributed generation projects on commercial and industrial buildings. It is owned as to 50% by Comtec Renewable Energy and 50% by Macquarie Capital, respectively, and the total subscription amount to be paid by each party for the transaction is up to a maximum of US$5.0 million. Future Energy Capital focuses on the development, project management and construction of distributed solar generated power projects in the PRC with an aggregate capacity of 30 to 40 MW. Throughout the Period, Future Energy Capital has established its investment platform in the PRC and was in the process to build up its own project portfolio. We believe the cooperation with Macquarie Capital will broaden the Group's strategic cooperation with international financial institutions, which strengthens and improves the financial resources of the Group.

As of 31 December 2018, the Group has transferred certain grid-connected downstream rooftop distributed generation projects of approximately 5.0 MW in aggregate to Future Energy Capital.

On 25 May 2017, 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 RMB14.0 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 represented 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 marked the Group's continuous efforts in diversifying its business.

We expect the sound developments and growth prospects of the electric vehicle industry and the power storage industry would drive sustainable growth and profitability of Kexin. Throughout the Period, Kexin has achieved remarkable growth of business and it recorded revenue of approximately RMB65.6 million for the year, increasing of approximately 1,161.5%, from RMB5.2 million which was included in the consolidated revenue of the Group for the year ended 31 December 2017 since completion of its acquisition in October 2017.

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

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

On 18 May 2018 (after trading hours), Putana Limited and the Company entered into a subscription agreement in respect of the issue of the Convertible Bonds in the aggregate principal amount of US$10.0 million due 2021 with interest rate per annum of 10.0%. The conversion price is HK$0.174 per share for a potential maximum amount of the Conversion Shares to be allotted and issued upon exercise in full of the conversion rights attached to the Convertible Bonds which represent (i) approximately 21.5% of the existing issued share capital of the Company as of 18 May 2018, and (ii) approximately 17.7% of the issued share capital as enlarged by the issue of the Conversion Shares in full. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges. The net proceeds from the issue of the Convertible Bonds was approximately US$9.9 million, 80% of which will be used for providing funding for Future Energy Capital and other downstream projects and 20% of which will be used as general working capital. The issue of Convertible Bonds was completed on 27 July 2018. Please refer to the announcements of the Company dated 18 May 2018 and the circular of the Company dated 9 July 2018 for further details.

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 issuance of the Convertible Bonds. In addition, we implemented and will continue to implement a balanced financing plan to support our business operation.

Revenues from our top five customers for the Period represented approximately 66.2% of our total revenues, compared to approximately 46.2% for the year ended 31 December 2017. The sales to our largest customer accounted for approximately 33.6% of our total revenues for the Period, as compared to approximately 17.3% for the year ended 31 December 2017.

We intend to explore further opportunities and make further expansion into the new business initiatives in the renewable energy industry to fuel the growth of our 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 renewable industry and to drive continued and healthy growth for the Group in the future.

FINANCIAL REVIEW

Revenue

Revenue decreased by RMB316.6 million, or 64.7%, from RMB489.2 million for the year ended 31 December 2017 to RMB172.6 million for the year ended 31 December 2018, primarily as a result of the decrease in both selling price and sales volume of most of our upstream solar products, although such decrease was partially mitigated by the increase in revenue from our lithium batteries system and power storage system business acquired in October 2017. Throughout the Period, excess production capacity in market continued and negative policies were issued by the Chinese government. This industry environment created uncertainties in the domestic solar market and negatively impacted industry demand and selling price of upstream products.

Revenue from sales of wafers decreased by RMB190.7 million, or 76.4%, from RMB249.5 million for the year ended 31 December 2017 to RMB58.8 million for the Period. It was primarily due to the decrease in both sales volume and average selling price of 156 mm x 156 mm monocrystalline solar wafers by approximately 61.0% and 26.5%, respectively, as compared to their respective sales for the year ended 31 December 2017. The revenue from 156 mm x 156 mm monocrystalline solar wafers dropped by approximately RMB147.8 million, or 71.5%, from RMB206.6 million for the year ended 31 December 2017. Furthermore, we did not record any shipment of 125 mm x 125 mm monocrystalline solar wafers to the overseas customer for the Period which was primarily due to the major market demand focused on larger-size monocrystalline silicon wafers instead of smaller ones. The revenue from shipment of 125 mm x 125 mm monocrystalline solar wafers was approximately RMB42.9 million for the year ended 31 December 2017.

Revenue from sales of ingots decreased by RMB22.8 million, or 50.1%, from RMB45.5 million for the year ended 31 December 2017 to RMB22.7 million for the Period, mainly due to the decrease of sales volume by approximately 29.9% and the decrease of average selling price by approximately 25.0%. Throughout the Period, we mainly sold the ingots to PRC and Japan-based customer.

Revenue from trading of excess inventory of polysilicon as well as trading of solar cells and modules were approximately RMB4.6 million and RMB4.6 million for the Period, respectively, decreased by approximately RMB60.7 million, or 93.0%, and RMB67.7 million, or 93.6%, respectively, from RMB65.3 million and RMB72.3 million, respectively, for the year ended 31 December 2017. It was mainly due to the decrease of our excess inventory of polysilicons after we ceased to have contractual obligations to purchase further polysilicons and our strategy to minimize exposures to trading solar commodities during the volatile market environments.

Revenue from our downstream solar business mainly included solar project development service income and power generation income. Such incomes decreased by approximately RMB31.4 million, or 66.5%, from RMB47.2 million for the year ended 31 December 2017 to RMB15.8 million for the Period. Such revenues decreased as we focused on developing our own projects instead of providing project development services to third parties during the year. The completed projects can be sold to long term institutional investors in future. As of 31 December 2018, the Group has completed downstream projects with book value of approximately RMB61.2 million in our Consolidated Statement of Financial Positions.

The decreases of revenue from our solar businesses were partially mitigated by the revenue from the lithium batteries and power storage system business which we acquired in October 2017. That business mainly engages in the research and development, design, integration and sales of lithium battery management systems and lithium battery systems for electric vehicles (including electric cars, electric motors and electric bicycles) to electric vehicle manufacturers and for power storage systems to lithium battery manufacturers and to power storage companies. It recorded revenue of approximately RMB65.6 million, representing an increase of approximately 1,161.5%, from RMB5.2 million which was included in the consolidated revenue of the Group for the year ended 31 December 2017 since completion of its acquisition in October 2017.

Revenue by geographical market

In relation to the geographical analysis of our revenue, approximately 92.9% (year ended 31 December 2017: 87.2%) of total revenue for the year was generated from our sales in the PRC. The remaining portion was mainly generated from our sales to the Japan and Malaysia-based customers.

Cost of sales and services

Cost of sales and services decreased by RMB303.1 million, or 63.0%, from RMB481.2 million for the year ended 31 December 2017 to RMB178.1 million for the Period, which was in line with the decrease of revenue during the year. The decrease in cost of sales and services was primarily due to the decrease in sales volume of our upstream solar businesses, including sales of wafers, ingots, trading of excess inventory of polysilicon as well as trading of solar cells and modules which also resulted in decrease in total revenue of approximately RMB316.6 million, or 64.7%, during the Period. The industry landscape for upstream solar manufacturing business deteriorated during the Period and the new policies issued by the Chinese government have negatively impacted industry demand and selling price of upstream products.

Inventory provision of approximately RMB2.6 million was recorded for the Period and was included in the cost of sales and services. Overall, the year-on-year decrease in costs of sales and services of approximately 63.0% was similar to the year-on-year decrease in revenue of approximately 64.7%.

Gross (loss)/profit

The Group recorded gross loss of approximately RMB5.5 million for the Period, representing a turnaround from the gross profits of RMB8.0 million for the year ended 31 December 2017. It was primarily due to the decrease of average selling price and sales volume as well as the inventory provision recorded in the Period.

Other income

Other income for the Period was approximately RMB14.4 million, representing a decrease of approximately RMB14.6 million, or 50.3%, from RMB29.0 million for the year ended 31 December 2017, which was mainly due to the decrease in government subsidy incomes received in the Period.

Other gains and losses and impairment losses

Other losses and impairment losses were approximately RMB81.2 million for the Period, increased by RMB27.7 million, or 51.8%, from RMB53.5 million for the year ended 31 December 2017. For the Period, the amount of other losses and impairment losses mainly included: (i) the impairments on goodwill and intangible assets of approximately RMB87.7 million which was partially offset by the gain on fair value change of contingent consideration payables of approximately RMB46.0 million, (ii) bad debt provisions of approximately RMB17.1 million, (iii) impairment on advance to suppliers of approximately RMB8.9 million, and (iv) net foreign exchanges losses of approximately RMB8.8 million. For the year ended 31 December 2017, the amount of other losses and impairment losses mainly included (i) losses on disposal of fixed assets of approximately RMB14.8 million and (ii) the impairment losses recognized in respect of property, plant and equipment of approximately RMB36.9 million.

Impairments on goodwill and intangible assets

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 amounts of the above cash-generating units are determined from value in use calculations. The key assumptions for the value in use calculations are those in relation to the discount rates, growth rates and expected changes to selling prices and direct costs during the Period. The management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating units. The growth rates are by reference to industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Due to the change of industry environment and the release of new government policy "2018 PV Power Generation Notice (2018光伏發電有關事項的通知)" on 31 May 2018, which has made negative impact on installation quotas of distributed generation projects in the foreseeable future, the goodwill arising from the acquisition of Comtec (Asia) Limited of approximately RMB39.0 million was fully impaired during the Period as the actual performance in the Period did not meet the expectation and reach the business forecast. Our directors are of the view that it could not be recovered from the relevant cash generating unit related to the distributed generation projects and was thus fully impaired. For the same reason, the intangible assets in the carrying amount of RMB32,187,000 arising from the signed cooperative agreements in the acquisition of Comtec Renewable Energy was fully impaired for the Period well.

At the same time, the intangible assets arising from the non-compete agreement in the acquisition of Comtec Renewable Energy and Comtec (Asia) Limited was fully impaired in the amount of RMB14,984,000 during the Period as the actual performance in the Period did not meet the expectation and reach the business forecast.

Gain on fair value change of contingent consideration payables

The contingent consideration arose from the issue of ordinary shares of the Company on earn-out basis in relation to business acquisitions. The contingent consideration is classified as a financial instrument (financial liability at fair value through profit or loss) and recognised in the consolidated statement of financial position at fair value. The fair value of the contingent consideration at the date of initial recognition and as of 31 December 2018 are based on the calculation on the business performance of the acquired companies and the change of stock price and exchange rate of HKD/RMB. The gain on fair value changes of contingent consideration payables was mainly due to the decrease of share price of the Company during the Period.

For the same reasons relating to new governmental policy discussed above and these negative impact on installation quotas of distributed generation projects in the foreseeable future, especially for Comtec (Asia) Limited, the actual performance in the Period did not meet the expectation and reach the business forecast, and the contingent consideration payable relating to the acquisition was almost fully reversed during the Period.

Bad debt provisions and impairment on advance to suppliers and prepayment on property, plant and equipment

The Group performs impairment assessment under ECL model upon application of IFRS 9 since 1 January 2018 on trade receivables individually or based on provision matrix, as for other financial assets at amortised cost mainly comprise of other receivables, pledged bank deposits and bank balances, the loss allowances are measured on 12m ECL basis as there had been no significant increase in credit risk since initial recognition. During the year ended 31 December 2018, an additional loss allowance in the amount of RMB17.1 million was provided which was primarily based on the individually assessment on the debtors with significant balances.

For the Period, impairment of approximately RMB8.9 million was made to advance to suppliers and prepayment on property, plant and equipment which was based on specific assessment on their recoverability.

Net foreign exchange losses

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currency) are recorded in the respective functional currency(ies) (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are included in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Renminbi) using exchange rate prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve. For the Period, the Group recognized net exchange losses of approximately RMB8.8 million.

Distribution and selling expenses

Distribution and selling expenses decreased by RMB5.0 million, or 45.5%, from RMB11.0 million for the year ended 31 December 2017 to RMB6.0 million for the Period, primarily due to the decrease in sales and market expense on the upstream solar manufacturing business in 2018, which was a result of the decrease in sales volume of the upstream solar business.

Administrative and general expenses

Administrative and general expenses increased by RMB11.1 million, or 13.6%, from RMB81.8 million for the year ended 31 December 2017 to RMB92.9 million for the Period, which was mainly due to the increase in professional expenses incurred for business development activities of the Group as well as the administrative expenses incurred for an subsidiary acquired in October 2017 which also expanded its operating scale in 2018.

Interest expenses

Interest expenses increased by RMB7.9 million from RMB15.9 million for the year ended 31 December 2017 to RMB23.8 million for the Period due to increase of borrowings and increase of interest rate during the Period.

Profit (Loss) before taxation

Loss before taxation was approximately RMB199.5 million for the Period, increased by RMB68.3 million, or 52.1%, from approximately RMB131.2 million for the year ended 31 December 2017, due to the aforementioned factors.

Taxation

The Group incurred tax credit of approximately RMB12.9 million for the Period, turnaround from RMB14.2 million for the year ended 31 December 2017. It was mainly due to the impairments on goodwill and intangible assets. Thus, the related deferred tax liabilities were reversed accordingly.

Profit (Loss) for the year

The Group recorded a loss of approximately RMB186.6 million for the Period, increased by RMB41.2 million, or 28.3%, from approximately RMB145.4 million for the year ended 31 December 2017, primarily attributable to the aforementioned factors. Accordingly, the Group recorded net loss margin of 108.1% for the Period, as compared to the net losses margin of 29.7% for the year ended 31 December 2017.

Final dividend

The Board resolved not to declare final dividend for the Period (2017: nil).

Inventory turnover days

There was a decrease in inventory balance of 56.5% from RMB43.2 million as of 31 December 2017 to RMB18.8 million as of 31 December 2018, which was mainly due to the Group's efforts to downsize the scale of its traditional manufacturing wafer business and to reduce its inventory level. The inventory turnover days as of 31 December 2018 totaled 38 days (31 December 2017: 33 days).

Trade receivable turnover days

There was a decrease in trade receivable balance of 36.5% from RMB56.4 million as of 31 December 2017 to RMB35.8 million as of 31 December 2018, which was mainly due to downsizing of the Group's traditional manufacturing wafer business and bad debt provisions of approximately RMB23.6 million was made during the year. Nonetheless such decrease was partially offset by the increase of business scale of Kexin and its trade receivable balances. The trade receivable turnover days as of 31 December 2018 totaled 76 days (31 December 2017: 42 days). The Group has closely supervised the repayment status of debtor balances. The credit period granted to customers is approximately 7 to 180 days on case-by-case basis. The average receivable turnover days as of 31 December 2018 were approximately 76 days which was within the credit periods of the Group grants to its customers.

Trade payable turnover days

There was a decrease in trade payable balance of 5.8% from RMB84.0 million as of 31 December 2017 to RMB79.1 million as of 31 December 2018, which was mainly due to the downsizing of the Group's traditional manufacturing wafer business but such decrease was partially offset by the increase of business scale of Kexin and its trade payable balance during the year. The trade payable turnover days as of 31 December 2018 totaled 162 days (31 December 2017: 64 days). The group has obtained continuous supports from suppliers during the challenging industry environment.

Liquidity and financial resources

The Group's principal sources of working capital for the Period included cash inflow from operating activities, bank borrowings and the proceeds from issue of equity or debt securities. As of 31 December 2018, the Group's current ratio (current assets divided by current liabilities) was 0.5 (31 December 2017: 0.7) and it was in a net debt position of approximately RMB145.5 million (31 December 2017: approximately RMB157.6 million). The Group had a working capital deficit (total consolidated current liabilities exceeded total consolidated current assets) of RMB177.4 million as of 31 December 2018 (31 December 2017: approximately RMB101.0 million). However, the Group still maintained net assets of approximately RMB57.7 million as of 31 December 2018 (31 December 2017: approximately RMB242.1 million).

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. According to latest discussions with the bank which provides us with short-term bank loans in the PRC, they would still maintain such historical practices and the Group has assumed it will continue to be able to do so for the foreseeable future. Also, we had downstream projects with contract value of approximately RMB61.2 million in our order book as of 31 December 2018. We would consider to dispose of the projects as well as other assets and properties when we receive reasonable offers or require additional funding. As our factory in Haian can accommodate all of our remaining manufacturing equipment, we would also consider to dispose of our Shanghai factory with net book values of approximately RMB124.8 million as of 31 December 2018 (included buildings, investment properties and prepaid lease payments in the financial statements), if we receive an attractive offer from potential buyer. In addition, we concluded a re-negotiation with a long term supplier in December 2018 which enabled us to substantially realize the remaining amount of our prepayments made to that supplier in previous years. An amount of approximately USD5.1 million has been offset with the full amount of our purchase of polysilicon from the supplier during the first quarter of 2019. The Group would continue to adopt strict controls on our operating and investing activities in order to continuously improve our financial positions.

On 18 May 2018 (after trading hours), Putana Limited and the Company entered into a subscription agreement in respect of the issue of the Convertible Bonds in the aggregate principal amount of US$10.0 million due 2021 with interest rate per annum of 10.0%. The conversion price is HK$0.174 per share for a potential maximum amount of the Conversion Shares to be allotted and issued upon exercise in full of the conversion rights attached to the Convertible Bonds which represent (i) approximately 21.5% of the existing issued share capital of the Company as of 18 May 2018, and (ii) approximately 17.7% of the issued share capital as enlarged by the issue of the Conversion Shares in full. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges. The net proceeds from the issue of the Convertible Bonds was approximately US$9.9 million, 80% of which will be used for providing funding for Future Energy Capital and other downstream projects and 20% of which will be used as general working capital. The issue of Convertible Bonds was completed and closed on 27 July 2018. As of the date of this announcement, approximately USD8 million had been used as funding for Future Energy Capital and other downstream projects and approximately USD2 million had been used as working capital. Please refer to the announcements of the Company dated 18 May 2018 and the circular of the Company dated 9 July 2018 for further details.

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

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

Capital commitments

As of 31 December 2018, the Group's capital commitments was nil (2017: RMB41.9 million). The Group currently has no plan to further expand its production capacity of traditional solar manufacturing business. In addition, the Group would carefully plan for the expansion of its downstream solar business and power storage business which would depend on and subject to the market conditions and opportunities.

Contingent liabilities

As of 31 December 2018, other than the balance of contingent consideration payables of approximately RMB5.9 million, there was no material contingent liability (31 December 2017: RMB52.0 million).

Related party transactions

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

Charges on group assets

As of 31 December 2018, the Group had restricted cash of approximately RMB22.1 million (31 December 2017: RMB20.9 million), and pledged its buildings, investment properties, prepaid lease payments, power station of downstream projects and account receivables of downstream revenue with net book values of approximately RMB90.9 million (31 December 2017: RMB98.5 million), approximately RMB86.0 million (31 December 2017: RMB86.0 million), approximately RMB13.5 million (31 December 2017: RMB13.8 million), approximately RMB7.5 million (31 December 2017: RMB16.9 million), and approximately RMB0.5 million (31 December 2017: nil), respectively, to banks in order to secure banking facilities granted to the Group. Save as disclosed herein, as of 31 December 2018, no other assets of the Group were charged.

Significant acquisition and disposal of subsidiaries

Throughout the Period, the Group did not have any significant acquisition of subsidiaries but has disposed certain subsidiaries.

On 14 February 2018 (after trading hours), Comtec Renewable Energy, Future Energy Capital and Sunny Mega entered into an equity transfer agreement, pursuant to which Comtec Renewable Energy disposed of the entire issued share capital of Sunny Mega at a consideration of approximately RMB4.5 million to Future Energy Capital.

On 2 October 2018 (after trading hours), (i) Comtec Clean Energy, Future Energy Capital (Wuxi) and Wuxi Comtec (Jianyuan) entered into an equity transfer agreement, pursuant to which Comtec Clean Energy disposed of the entire issued share capital of Wuxi Comtec (Jianyuan) at a consideration of approximately RMB2.6 million to Future Energy Capital (Wuxi) and (ii) Comtec Clean Energy, Future Energy Capital (Wuxi) and Wuxi Comtec (Tianhan) entered into an equity transfer agreement, pursuant to which Comtec Clean Energy disposed of the entire issued share capital of Wuxi Comtec (Tianhan) at a consideration of approximately RMB3.7 million to Future Energy Capital (Wuxi).

Immediately after completion of the said disposals, each of Sunny Mega, Wuxi Comtec (Jianyuan) and Wuxi Comtec (Tianhan) ceased to be an indirect wholly-owned subsidiary of the Company and the financial results of Sunny Mega, Wuxi Comtec (Jianyuan) and Wuxi Comtec (Tianhan) will no longer be consolidated into the Group’s financial statements. Please refer to the announcement of the Company dated 2 October 2018 for further details.

Use of proceeds

On 18 May 2018 (after trading hours), Putana Limited and the Company entered into a subscription agreement in respect of the issue of the Convertible Bonds in the aggregate principal amount of US$10.0 million due 2021 with interest rate per annum of 10.0%. The conversion price is HK$0.174 per share for a potential maximum amount of the Conversion Shares to be allotted and issued upon exercise in full of the conversion rights attached to the Convertible Bonds which represent (i) approximately 21.5% of the existing issued share capital of the Company as of 18 May 2018, and (ii) approximately 17.7% of the issued share capital as enlarged by the issue of the Conversion Shares in full. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges. The net proceeds from the issue of the Convertible Bonds was approximately US$9.9 million, 80% of which will be used for providing funding for Future Energy Capital and other downstream projects and 20% of which will be used as general working capital. The issue of Convertible Bonds was completed on 27 July 2018. As of the date of this announcement, approximately USD8 million had been used as funding for Future Energy Capital and other downstream projects and approximately USD2 million had been used as working capital. Please refer to the announcements of the Company dated 18 May 2018 and the circular of the Company dated 9 July 2018 for further details.

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

Human resources

As of 31 December 2018, the Group had 166 (31 December 2017: 342) employees. The remuneration of the existing employees includes basic salaries, discretionary bonuses and social security contributions. Payment levels of the employees are commensurated with their responsibilities, performance and contribution.

Details of the future investment plans for material investment

The Group is planning to further expand into downstream solar business and the lithium batteries system and power storage system businesses. Due to the rapid changing market environment, the Group prefers to maintain flexibilities throughout the expansion process and avoid fixing a capacity target under a pre-determined timeline. The Group has yet to make any amount of capital commitments for its downstream solar business, other than the projects under construction, and the lithium batteries system and power storage system businesses which would depend on and be subject to the market conditions and opportunities. We believe this strategy would enable the Group to maximize its advantages from the industry consolidation process.

Exposure to fluctuations in exchange rates and any related hedges

The Group recognized net exchange losses of approximately RMB8.8 million for the Period, which mainly arose from monetary assets and liabilities of the Group denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy but the management has been monitoring foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance in the interests of Shareholders. The Company has complied throughout the Period with all code provisions of the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

AUDIT COMMITTEE

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

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

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 announcement, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules for Period.

DIVIDEND

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the Period as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

APPRECIATION

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

DEFINITIONS

"Board" or "Board of Directors"	the board of Directors
"Company"	Comtec Solar Systems Group Limited
"Comtec Clean Energy"	Comtec Clean Energy Group Limited* (卡姆丹克清潔能源有限公司), a company duly incorporated in the PRC and wholly owned by Comtec Renewable Energy
"Comtec Renewable Energy"	Comtec Renewable Energy Group Limited, a company duly incorporated in Hong Kong and wholly owned by the Company
"Corporate Governance Code"	Code on corporate governance practices contained in Appendix 14 to the Listing Rules
"Directors(s)"	the director(s) of the Company
"Future Energy Capital"	Future Energy Capital Group Limited, a company incorporated in the British Virgin Islands being a co-investment vehicle established by Comtec Renewable Energy and Macquarie Capital

"Future Energy Capital (Wuxi)"	Future Energy Capital (Wuxi) Co., Ltd.* (福策能源投資(無錫)有限公司), a company duly incorporated in the PRC and a wholly-owned subsidiary of Future Energy Capital
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the People's Republic of China
"ISDN"	ISDN Investments Pte Ltd, a company duly incorporated in the Republic of Singapore
"Kexin"	Zhenjiang Kexin Power System Design and Research Co., Ltd.* (鎮江科信動力系統設計研究有限公司), a company duly incorporated in the PRC
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Macquarie Capital"	Macquarie Corporate Holdings Pty Limited, a company duly incorporated in Australia
"Model Code"	Model code for securities transactions by directors of listed issuers contained in Appendix 10 to the Listing Rules
"MW"	megawatt
"Period"	the year ended 31 December 2018
"PRC" or "China"	the People's Republic of China, and for the purpose of for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"PV"	photovoltaic
"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

"Sunny Mega"	Sunny Mega Limited, a company duly incorporated in the British Virgin Islands
"USD"	United States dollar, the lawful currency of the United States of America
"Wuxi Comtec (Jianyuan)"	Wuxi Comtec Jianyuan PV Co., Ltd.* (無錫卡姆丹克建元光伏有限公司), a company duly incorporated in the PRC
"Wuxi Comtec (Tianhan)"	Wuxi Comtec Tianhan PV Co., Ltd.* (無錫卡姆丹克天漢光伏有限公司), a company duly incorporated in the PRC
"%"	per cent

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

Shanghai, the People's Republic of China, 29 March 2019

* *for identification purpose only*

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