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

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

**(Stock code: 712)**

**ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**HIGHLIGHTS**

- Revenue for the Year was approximately RMB54.8 million, representing a year-on-year decrease of 0.4% from approximately RMB55.0 million for the year ended 31 December 2020;
- Gross profit for the Year was approximately RMB6.8 million, representing a year-on-year increase of 74.4%, from approximately RMB3.9 million for year ended 31 December 2020;
- Gross profit margin for the Year was approximately 12.3%, comparing to gross profit margin of 7.0% for the year ended 31 December 2020;
- Net losses attributable to the owners of the Company for the Year was approximately RMB45.0 million, representing a year-on-year decrease of approximately 31.5%, from approximately RMB65.7 million for the year ended 31 December 2020;
- Net losses margin attributable to the owners of the Company for the Year was approximately 82.1%, comparing to net loss margin of 119.4% for the year ended 31 December 2020; and
- Basic loss per share for the Year was RMB5.79 cents (2020: basic loss per share of RMB9.18 cents).

## UNAUDITED ANNUAL RESULTS

The Board is pleased to announce the unaudited consolidated financial results of the Group for the year ended 31 December 2021 (the “Year”), together with the comparative figures for the corresponding year ended 31 December 2020. For the reason explained in the paragraph headed “FURTHER ANNOUNCEMENT(S)” in this announcement, the auditing process for the annual results of the Group for the year ended 31 December 2021 has not been completed. These results have been reviewed by the Company’s audit committee, comprising all of the independent non-executive Directors, with one of them chairing the committee.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	<i>Notes</i>	<b>2021</b> <b>RMB’000</b> <b>(Unaudited)</b>	2020 <b>RMB’000</b> <b>(Audited)</b>
<b>Revenue</b>	4	<b>54,829</b>	55,015
Cost of sales and services		<u><b>(48,064)</b></u>	<u>(51,152)</u>
<b>Gross profit</b>		<b>6,765</b>	3,863
Other income	5	<b>12,575</b>	8,230
Other net gains (losses)	6	<b>8,665</b>	(11,105)
Selling and distribution expenses		<b>(1,224)</b>	(1,014)
Administrative expenses		<b>(36,934)</b>	(35,674)
Research and development expenses		<b>(3,439)</b>	(1,112)
Impairment loss on financial assets, net of reversal		—	(10,474)
Share of profit of a joint venture		—	134
Finance costs	7	<u><b>(29,950)</b></u>	<u>(23,770)</u>
<b>Loss before taxation</b>		<b>(43,542)</b>	(70,922)
Income tax (expense) credit	8	<u><b>(1,337)</b></u>	<u>4,087</u>
<b>Loss for the year</b>		<u><b>(44,879)</b></u>	<u>(66,835)</u>
<b>(Loss) profit for the year attributable to:</b>			
Owners of the Company		<b>(45,029)</b>	(65,704)
Non-controlling interests		<u><b>150</b></u>	<u>(1,131)</u>
		<u><b>(44,879)</b></u>	<u>(66,835)</u>
		<b>RMB cents</b> <b>(Unaudited)</b>	<b>RMB cents</b> <b>(Audited)</b>
<b>Loss per share</b>			
— Basic	10	<u><b>(5.79)</b></u>	<u>(9.18)</u>
— Diluted	10	<u><b>(5.79)</b></u>	<u>(9.18)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	2020 <b>RMB'000</b> <b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>99,016</b>	147,804
Investment properties		<b>127,362</b>	82,914
Intangible assets		<b>915</b>	2,135
Goodwill		<b>6,573</b>	6,573
Interests in an associate		—	159
Deposits paid for acquisition of property, plant and equipment		—	691
		<b>233,866</b>	240,276
<b>Current assets</b>			
Inventories		<b>3,163</b>	17,215
Trade receivables	<i>11</i>	<b>27,909</b>	30,699
Deposits, prepayment and other receivables		<b>42,687</b>	69,809
Pledged bank deposits		<b>137</b>	21,214
Bank balances and cash		<b>6,768</b>	5,126
		<b>80,664</b>	144,063
<b>Current liabilities</b>			
Trade payables	<i>12</i>	<b>66,759</b>	65,557
Other payables and accruals		<b>97,430</b>	71,887
Contract liabilities		<b>6,380</b>	34,720
Interest-bearing borrowings		<b>130,369</b>	164,481
Loans from shareholders		<b>17,669</b>	—
Tax liabilities		<b>5,829</b>	5,808
Deferred income		<b>840</b>	840
Consideration payable		<b>5,130</b>	5,130
Lease liabilities		<b>2,125</b>	1,591
Convertible bonds		<b>44,522</b>	84,587
		<b>377,053</b>	434,601
<b>Net current liabilities</b>		<b>(296,389)</b>	(290,538)
<b>Total assets less current liabilities</b>		<b>(62,523)</b>	(50,262)

	<b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	2020 <i>RMB'000</i> (Audited)
<b>Non-current liabilities</b>		
Interest-bearing borrowings	7,500	10,300
Deferred tax liabilities	12,826	11,541
Deferred income	6,489	7,329
Lease liabilities	7,753	9,713
	<u>34,568</u>	<u>38,883</u>
<b>Net liabilities</b>	<u><b>(97,091)</b></u>	<u>(89,145)</u>
<b>Capital and reserves</b>		
Share capital	2,752	2,556
Reserves	(102,216)	(89,580)
	<u>(99,464)</u>	<u>(87,024)</u>
<b>Equity attributable to owners of the Company</b>	<b>(99,464)</b>	(87,024)
<b>Non-controlling interests</b>	<u>2,373</u>	<u>(2,121)</u>
<b>Total deficits</b>	<u><b>(97,091)</b></u>	<u>(89,145)</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2021*

## 1. GENERAL INFORMATION

Comtec Solar Systems Group Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands, and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 30 October 2009. Its immediate holding and ultimate holding company is Fonty Holdings Limited (“**Fonty**”), a company incorporated in the British Virgin Islands with limited liability. Its ultimate controlling party is Mr. John Yi Zhang (“**Mr. Zhang**”) who is the chairman and a director of the Company. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of principal place of business of the Company is Level 9 & 11, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to the “**Group**”) are principally engaged in research, production and sales of efficient mono-crystalline products, power storage products and lithium battery products and the provision of 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

All financial information presented in RMB are rounded to the nearest thousand (“**RMB’000**”) except when otherwise indicated. The consolidated financial statements have been prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance and International Financial Reporting Standards (“**IFRSs**”). The consolidated financial statements have been prepared under the historical cost convention except for certain investment properties and convertible bonds that are measured at fair values at the end of each reporting period. The preparation of consolidated financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the years ended 31 December 2021 and 2020. Although these estimates are based on management’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

### 3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

In the current year, the Group has applied, for its first time, the following amendments to IFRSs issued by the International Accounting Standards Board (the “IASB”) which are effective for the Group’s financial year beginning 1 January 2021.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendment to IFRS 16	COVID-19 — Related Rent Concessions

The application of other new and amendments to IFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### **New and amendments to IFRSs issued but not yet effective**

The Group has not early applied the following new and amendments to IFRSs and interpretation that have been issued but are not yet effective:

IFRS 17	Insurance Contracts <sup>3</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture <sup>4</sup>
Amendments to IAS 1	Classification of liabilities as Current or Non-current <sup>3</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>2</sup>
Amendments to IAS 37	Onerous contracts: Cost of fulfilling a contract <sup>2</sup>
Amendments to IFRS 16	COVID-19 — Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendments to IFRSs	Annual Improvements to IFRS 2018-2020 cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> Effective date not yet been determined

The directors of the Company anticipate that, the application of the new and amendments to IFRSs will have no material impact on the results and the financial position of the Group.

#### 4. REVENUE AND SEGMENT REPORTING

##### (a) Revenue

The Group is principally engaged in research, production and sales of efficient mono-crystalline products, provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations and production and sales of power storage products. Further details regarding the Group's principal activities are disclosed in note 4(b).

##### (i) *Disaggregation of revenue from contracts with customers*

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Disaggregated by major products or service lines		
– Sales of power storage products	40,733	41,563
– Installation services for photovoltaic power stations	3,406	3,523
– Power generation	10,084	8,380
– Consulting services for construction	606	456
– Sales of monocrystalline solar wafers	—	454
– Sales of polysilicon	—	629
– Sales of others	—	10
	<u>54,829</u>	<u>55,015</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 4(b)(i).

##### (ii) *Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date*

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to all its contracts such that no information regarding revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date is disclosed because either the remaining performance obligation is part of a contract that has an original expected duration of one year or less or the Group recognises revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the Group's performance completed to date.

##### (b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker (the "CODM") for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Mono-crystalline and solar products\* – Production and sales of efficient mono-crystalline products and trading of solar products
- Solar and power storage products# – Provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations and production and sales of power storage products

\* The name of this segment was “upstream” prior to 2021. The name was changed as the Group considered it represents the business nature of this segment and its recent development more specifically.

# The name of this segment was “downstream solar and power storage” prior to 2021. The name was changed as the Group considered it represents the business nature of this segment and its recent development more specifically.

**(i) Segment revenue and results**

For the purposes of assessing segment performance and allocating resources between segments, the CODM monitors the results attributable to each reportable segment on the following bases:

Segment result includes revenue and expenses that are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments.

In addition, the CODM is provided with segment information concerning revenue and other information relevant to the assessment of segment performance and allocation of resources between segments.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group’s reportable segments as provided to the CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below.

**For the year ended 31 December 2021**

	<b>Mono- crystalline and solar products RMB’000 (Unaudited)</b>	<b>Solar and power storage RMB’000 (Unaudited)</b>	<b>Total RMB’000 (Unaudited)</b>
<b>Disaggregated by timing of revenue recognition</b>			
Point in time	—	40,733	40,733
Over time	—	14,096	14,096
	<hr/>	<hr/>	<hr/>
Total revenue	—	54,829	54,829
	<hr/>	<hr/>	<hr/>
Segment (loss) profit	(12,720)	5,053	(7,667)
Unallocated income			21,107
Unallocated corporate expenses			(32,002)
Unallocated finance costs			(24,980)
			<hr/>
Loss before taxation			(43,542)
			<hr/>



For the year ended 31 December 2020

	Mono- crystalline and solar products <i>RMB'000</i> (Audited)	Solar and power storage <i>RMB'000</i> (Audited)	Total <i>RMB'000</i> (Audited)
<b>Disaggregated by timing of revenue recognition</b>			
Point in time	1,093	36,136	37,229
Over time	—	17,786	17,786
	<u>1,093</u>	<u>53,922</u>	<u>55,015</u>
Total revenue	<u>1,093</u>	<u>53,922</u>	<u>55,015</u>
Segment (loss) profit	<u>(11,051)</u>	<u>3,113</u>	(7,938)
Unallocated income			7,677
Unallocated corporate expenses			(47,025)
Share of profit of a joint venture			134
Unallocated finance costs			<u>(23,770)</u>
Loss before taxation			<u>(70,922)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss) profit of each segment without allocation of central and other operating expenses, certain unallocated other income and finance cost. This is the measure reported to the directors of the Company with respect to the resource allocation and performance assessment.

(ii) *Segment assets and liabilities*

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

*Segment assets*

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Mono-crystalline and solar products	5,289	10,291
Solar and power storage	<u>116,285</u>	<u>128,384</u>
Total segment assets	121,574	138,675
Corporate and other assets	<u>192,956</u>	<u>245,664</u>
Total assets	<u><u>314,530</u></u>	<u><u>384,339</u></u>

*Segment liabilities*

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Mono-crystalline and solar products	24,556	15,910
Solar and power storage	<u>38,584</u>	<u>64,934</u>
Total segment liabilities	63,140	80,844
Corporate and other liabilities	<u>348,481</u>	<u>392,640</u>
Total liabilities	<u><u>411,621</u></u>	<u><u>473,484</u></u>

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segment, other than unallocated property, plant and equipment, unallocated right-of-use assets, investment properties, intangible assets, investment in an associate, goodwill, unallocated deposits, prepayments and other receivables, bank balances and cash and other corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- All liabilities are allocated to operating segments, other than unallocated other payables and accruals, unallocated lease liabilities, unallocated interest-bearing borrowings, convertible bonds, consideration payable, deferred tax liabilities and other corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment liabilities.

(iii) **Other segment information**

For the year ended 31 December 2021

	<b>Mono- crystalline and solar products RMB'000 (Unaudited)</b>	<b>Solar and power storage RMB'000 (Unaudited)</b>	<b>Unallocated RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
Amounts include in the measure of segment loss or segment assets:				
Depreciation and amortisation	<b>3,098</b>	<b>9,589</b>	<b>6,910</b>	<b>19,597</b>
Loss on written off of property, plant and equipment	<b>4,506</b>	—	<b>413</b>	<b>4,919</b>
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:				
Finance costs	—	<b>6,180</b>	<b>23,770</b>	<b>29,950</b>
Income tax expenses	—	<b>52</b>	<b>1,285</b>	<b>1,337</b>

For the year ended 31 December 2020

	Mono- crystalline and solar products <i>RMB'000</i> (Audited)	Solar and power storage <i>RMB'000</i> (Audited)	Unallocated <i>RMB'000</i> (Audited)	Total <i>RMB'000</i> (Audited)
Amounts include in the measure of segment loss or segment assets:				
Depreciation and amortisation	4,812	3,961	5,161	13,934
Impairment loss on trade receivables	216	10,258	—	10,474
Gain on disposal of property, plant and equipment	—	1,134	—	1,134
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:				
Finance costs	—	1,032	22,738	23,770
Income tax (credit) expenses	—	(43)	4,130	4,087

**(iv) Geographic information**

No geographic information has been presented as most of the Group's operating activities are carried in the PRC (including Hong Kong).

**(v) Information about major customers**

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	<b>2021</b> <b><i>RMB'000</i></b> <b>(Unaudited)</b>	2020 <i>RMB'000</i> (Audited)
Customer A	<b>34,883</b>	31,068

*Note:* Revenue from customer A is generated from solar and power storage products segment.

## 5. OTHER INCOME

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Government grant ( <i>note</i> )	840	864
Interest income	20	146
Rental income	8,099	4,507
Others	3,616	2,713
	<u>12,575</u>	<u>8,230</u>

*Note:* The government grant mainly represents 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 are attached to the grant.

## 6. OTHER NET GAINS (LOSSES)

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Gain on disposal of property, plant and equipment	—	1,134
Gain on deregistration of subsidiaries	904	—
Loss on deemed disposal of a joint venture	—	(3,780)
Loss on disposal of equity instruments at FVTPL	—	(861)
Loss on fair value change of derivative component of the convertible bonds	—	(9,926)
Loss on written off of property, plant and equipment, inventories, trade receivables and other receivables	(706)	—
Loss on deregistration of an associate	(159)	—
Net foreign exchange gains	1,879	8,316
Others	1,607	(2,875)
Valuation gain (loss) on investment properties	5,140	(3,113)
	<u>8,665</u>	<u>(11,105)</u>

## 7. FINANCE COSTS

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Interest on bank borrowings	11,566	7,265
Interest on other borrowings	8,953	6,431
Interest on loans from shareholders	2,671	—
Interest on lease liabilities	858	1,032
Interest on convertible bonds ( <i>note</i> )	5,902	9,042
	<u>29,950</u>	<u>23,770</u>

*Note:* Imputed interest included.

## 8. INCOME TAX (EXPENSE) CREDIT

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
<b>Current tax — PRC Enterprise Income Tax</b>		
Under-provision in respect of prior years	(52)	(43)
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(1,285)</u>	<u>4,130</u>
	<u>(1,337)</u>	<u>4,087</u>

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group's operation in Hong Kong had no assessable profits for the years ended 31 December 2021 and 2020.

PRC subsidiary is subject to PRC Enterprise Income Tax (“EIT”) at 25%. No provision the PRC Enterprise Income Tax has been made as the subsidiary incorporated in the PRC had no assessable profits arising in the PRC for the years ended 31 December 2021 and 2020.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI for the years ended 31 December 2021 and 2020.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

## 9. DIVIDENDS

No dividend was paid, declared or proposed during the years ended 31 December 2021 and 2020.

## 10. LOSS PER SHARE

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

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
<b>Loss for the year</b>		
Loss for the year attributable to owners of the Company	<u>(45,029)</u>	<u>(65,704)</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares	<u>777,104,090</u>	<u>715,693,847</u>

No potential dilutive shares in existence during the years ended 31 December 2021 and 2020.

The outstanding share options and conversion option of convertible bonds of the Company have not been included in the computation of diluted loss per share as they are anti-dilutive for the years ended 31 December 2021 and 2020.

## 11. TRADE RECEIVABLES

The following is an ageing analysis of trade receivables, net of loss allowance for trade receivables, presented based on the invoice dates, which approximates revenue recognition date at the end of each reporting period:

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Within 1 month	12,933	8,325
1 to 2 months	4,448	2,584
2 to 3 months	114	1,061
3 to 6 months	362	6,766
Over 6 months but within 1 year	5,656	10,209
Over 1 year	4,396	1,754
	<u>27,909</u>	<u>30,699</u>

## 12. TRADE PAYABLES

The following is the ageing analysis of trade payables based on the invoice date at the end of the reporting period:

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Within 1 month	6,415	7,812
1 to 2 months	3,895	2,111
2 to 3 months	142	1,312
3 to 6 months	1,694	2,618
Over 6 months but within 1 year	10,126	12,011
Over 1 year	44,487	39,693
	<u>66,759</u>	<u>65,557</u>

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

During the Year, the Group is principally engaging in the solar businesses which focus on (1) consulting services for investment, engineering, procurement, development, and operation of solar photovoltaic power stations; (2) operations of rooftop distributed power generation projects in industrial, commercial and residential buildings; as well as (3) sales of lithium battery power storage systems businesses for electric vehicles and power storage customers.

Riding on the global concern on climate change and the trend on environmental justice since 2020, we expect we can benefit from such trend and will have a continuous improvement in the revenue and profit in our business.

During the Year, we continue to persevere in developing our solar businesses, including investment, development, construction and operation of solar photovoltaic power stations, production and sales of the power storage products. We provide Solar EPC services for rooftop distributed generation projects to customers mainly from Guangdong, Fujian, Tianjin, Zhejiang, Shandong, Anhui, Hebei, Henan, Hubei, and Hunan. We are optimistic that with the Chinese electric vehicle industry, green energy and the power storage industry being the focal points of the globe, our profit will grow diversely and constantly in the future.

### **FINANCIAL REVIEW**

#### **Revenue**

Revenue from our solar businesses mainly included (1) consulting services income for design, installation and construction of photovoltaic power stations, (2) power generation income and (3) sales of power storage products.

The total revenue from all income streams was largely the same year on year, decreased by RMB0.2 million, or 0.4%, from RMB55.0 million for the year ended 31 December 2020 to RMB54.8 million for the year ended 31 December 2021. The slight decrease was attributable to the decrease in revenue generated from installation services for photovoltaic power stations which was largely offset by the increase in our revenue from both sales of power storage product and rooftop distributed power generation projects.

#### **Cost of sales and services**

Cost of sales and services decreased by 6.0% from RMB51.2 million for the year ended 31 December 2020 to RMB48.1 million for the year ended 31 December 2021 mainly due to the increase in power storage products sold, which was partially offset by the reduced installation services and reduced production of solar wafers and polysilicon.



## **Gross profit**

During the Year, the Group recorded gross profit of approximately RMB6.8 million, representing an increase of approximately 75.1% from the gross profit of approximately RMB3.9 million for the year ended 31 December 2020. The increase is mainly due to the change in relative significance in our revenue stream. Specifically, a higher proportion of revenue was generated from our high gross margin power generation income and a lower proportion of revenue was generated from our relatively lower gross margin installation services income.

## **Other income**

Other income for the year ended 31 December 2021 was approximately RMB12.6 million, representing an increase of approximately RMB4.4 million, or 52.8%, from RMB8.2 million for the year ended 31 December 2020, which was mainly due to the increase in rental income received during the Year.

## **Other net gains (losses)**

Other net gains were approximately RMB8.7 million during the Year, representing an increase by approximately RMB19.8 million or 178.4% from other losses of approximately RMB11.1 million for the year ended 31 December 2020, mainly due to decrease in net foreign exchange gains and decrease in fair value loss on investment properties and fair value loss of derivative component of convertible bonds during the Year.

## **Selling and distribution expenses**

Selling and distribution expenses increased by RMB0.2 million, or 20.0%, from RMB1.0 million for the year ended 31 December 2020 to RMB1.2 million for the year ended 31 December 2021, primarily due to the increase in marketing effort to increase sales during the Year.

## **Administrative and general expenses**

Administrative and general expenses increased by RMB1.2 million, or 3.4%, from RMB35.7 million for the year ended 31 December 2020 to RMB36.9 million for the year ended 31 December 2021, which had no material fluctuation in administrative and general expenses.

## **Research and development expenses**

Research and development expenses increased by RMB2.3 million, or 209.3%, from RMB1.1 million for the year ended 31 December 2020 to RMB3.4 million for the Year as we have been actively investing and improving the efficiency of our power storage system as well as designing solar photovoltaic power stations solutions for our potential rooftop distributed power generation projects.

## **Interest expenses**

Interest expenses amounted to RMB30.0 million and RMB23.8 million for the years ended 31 December 2021 and 31 December 2020 respectively. There was an increase in interest expenses arising from bank borrowings in 2021.

## **Loss before taxation**

Loss before taxation was approximately RMB43.5 million for the year ended 31 December 2021, decreased by RMB27.4 million, or 38.6%, from approximately RMB70.9 million for the year ended 31 December 2020, due to the aforementioned factors.

## **Taxation**

The Group recorded tax expense of approximately RMB1.3 million during the Year, decreasing from tax credits of approximately RMB4.1 million for the year ended 31 December 2020 due to our revenue and profit turnaround.

## **Loss for the Period**

The Group recorded a loss and total comprehensive expenses of approximately RMB44.9 million during the Year, while the Group recorded a loss and total comprehensive expenses of approximately RMB66.8 million for the year ended 31 December 2020.

## **Final dividend**

The Board resolved not to declare final dividend for the year ended 31 December 2021 (2020: nil).

## **Liquidity and financial resources**

The Group's principal sources of working capital for the year ended 31 December 2021 included cash inflow from operating activities, bank borrowings and the proceeds from issue of equity securities. As at 31 December 2021, the Group's current ratio (current assets divided by current liabilities) was 0.2 (31 December 2020: 0.3) and it was in a net debt position of approximately RMB131.1 million (31 December 2020: approximately RMB169.7 million). The gearing ratio (total liabilities divided by total equity) was (4.2) (31 December 2020: (5.3)). The Group had a working capital deficit (total consolidated current liabilities exceeded total consolidated current assets) of RMB296.4 million as of 31 December 2021 (31 December 2020: approximately RMB290.5 million). Also, the Group recorded net liabilities of approximately RMB97.1 million as of 31 December 2021 (31 December 2020: net liabilities of approximately RMB89.1 million).

## **Capital commitments**

As at 31 December 2021, there was no capital commitment (31 December 2020: nil). The Group currently has no plan to further expand its production capacity of traditional solar manufacturing business. In addition, the Group would carefully plan for the expansion of its rooftop distributed generation projects and power storage business which would depend on and subject to the market conditions and opportunities.

## **Contingent liabilities**

As at 31 December 2021, there was no material contingent liability (31 December 2020: nil).

## **Charges on group assets**

As at 31 December 2021 and 2020, the Group had restricted cash of approximately RMB0.1 million and RMB21.2 million respectively, and pledged its buildings, investment properties, right-of-use assets and plant and machines to secure financing facilities granted to the Group. Save as disclosed above, as at 31 December 2021, no other assets of the Group were charged.

## **OUTLOOK**

### ***Strategic Cooperation Framework Agreement***

On 16 March 2021, the Company entered into a strategic cooperation framework agreement with Jiangsu Changzhou Tianning Economic Development Zone Management Committee and Changzhou Tianning Investment Service Centre. Pursuant to the said strategic cooperation framework agreement, the respective parties agreed to launch comprehensive cooperation in new energy asset trading platform, intelligent logistics and renewable energy business based on the principle of “equality and mutual benefit” so as to take complimentary advantages of their respective resources, expertise and experience. The details of the said strategic cooperation framework agreement are set out in the announcement of the Company dated 18 March 2021.

### ***Asset reallocation and deleveraging***

As we have completed our corporate restructuring in 2020 and 2021, we are currently executing our plans of disposing assets and properties with low utilization and we plan to redistribute these resources to improve our capital structure and lowering our gearing ratio when opportunities arise.

## **CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining high standards of corporate governance in the interests of Shareholders. During the Year, the Company had complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 for most of the time in 2021 except for the following:

Pursuant to Corporate Governance Code Provision C.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Chairman of the Group is responsible for leading the Board to ensure that it operates effectively and performs its duties, while Chief Executive Officer of the Group is responsible for the overall implementation of the Group's business development and general management. The Company currently has no Chief Executive Officer following the resignation of Mr. Zhang Zhen in January 2021. The daily operation and management of the Company is undertaken and monitored by Mr. John Yi Zhang, an executive Director, and Mr. Che Xiaoxi, the chief operating officer. Meanwhile, Mr. Che Xiaoxi is also responsible for the day-to-day management, administration and operation of the Company. The delegated functions and work tasks are periodically reviewed. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of Chairman and Chief Executive Officer is necessary. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the statutory requirements and regulations and the Corporate Governance Code and align with the latest developments.

In accordance to Rule 3.10(1) of the Listing Rules, the Company should appoint at least three independent non-executive Directors. With reference to the announcement published by the Company on 22 March 2021. During the period from 20 March 2021 to 30 June 2021, the Company has two independent non-executive Directors in the Board.

Pursuant to Corporate Governance Code provision A.5.1, a majority of the members of the nomination committee should be independent non-executive directors. During the period from 20 March 2021 to 30 June 2021, the composition of nomination committee of the Company is one executive Director, one non-executive Director and two independent non-executive Directors.

Following the appointment of Dr. Yan Ka Shing on 1 July 2021 as an independent non-executive Director, a member of the remuneration committee, the Company fully complies with the requirements under Rules 3.10 of the Listing Rules and Corporate Governance Code provision A.5.1 has been conformed with.

## **MODEL CODE**

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

## **AUDIT COMMITTEE**

The Company established an audit committee pursuant to a resolution of the Directors passed on 2 October 2009. The primary duties of the audit committee are to make recommendations to the Board on the appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting, and oversee the risk management and internal control systems of the Company. As at the end of the Year, the audit committee consists of three members, namely, Mr. Jiang Qiang (Chairman), Mr. Ma Teng and Dr. Yan Ka Shing all of whom are independent non-executive directors.

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

Saved as disclosed herein, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

## **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 the period from the Listing Date to 31 December 2021.

## **DIVIDEND**

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

## **PUBLICATION OF UNAUDITED ANNUAL RESULTS AND ANNUAL REPORT**

This unaudited annual results announcement is published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company (<http://www.comtecsolar.com>).

## **FURTHER ANNOUNCEMENT(S)**

As the Group's business, subsidiaries, offices, commercial partners, fixed assets, inventories and power stations projects are concentrated and located in different provinces and municipalities in the PRC, the audit work conducted by the external auditors of the Company was substantively and significantly hindered and delayed by the outbreak of the coronavirus disease because of the travel and quarantine restrictions imposed by the local and state government in different provinces. Such restrictions had seriously disrupted the reporting and audit processes of the Group's financial statements to be carried out by the external auditors for the Year. As a result, the unaudited consolidated annual results of the Company in this announcement have not been agreed with the auditors as required under Rule 13.49(2) of the Listing Rules.

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

Following the completion of the audit, the Company will issue further announcement(s) in relation to (i) the audited annual results for the year ended 31 December 2020 as agreed by the auditor and the material differences (if any) as compared with the unaudited annual results contained herein; (ii) the proposed date on which the forthcoming annual general meeting will be held; and (iii) the period during which the Register of Members of the Company will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting. In addition, the Company will issue further announcement as and when necessary if there are other material developments in the completion of the audit. The Group expects to publish the annual report for the year containing all the information required by Appendix 16 to the Listing Rules and the audited 2021 financial results of the Company on or before 30 April 2022.

## **APPRECIATION**

The Company would like to take this opportunity to express its 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.

## **DEFINITION**

“Board” or “Board of Directors”	the board of Directors
“Company”	Comtec Solar Systems Group Limited
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of US\$10.0 million due 2021 with interest rate per annum of 10.0% issued by the Company to Putana Limited, a company incorporated under the laws of British Virgin Islands and an independent third party, and such issuance was completed and closed on 31 July 2018

“Corporate Governance Code”	Code on corporate governance practices contained in the Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Kexin”	Zhejiang Kexin Power System Design and Research Company Limited (鎮江科信動力系統設計研究有限公司), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model code for securities transactions by directors of listed issuers contained in Appendix 10 to the Listing Rules
“MW”	megawatt, which equals 106 Watt
“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“PV”	Photovoltaic
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Share Consolidation”	the share consolidation of every four issued and unissued Unconsolidated Shares into one (1) Share
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Unconsolidated Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company prior to the Company’s share consolidation which took effect on 28 August 2019

“USD”	United States dollars, the lawful currency of the United States of America
“Year”	the year ended 31 December 2021
“*”	For identification only
“%”	per cent

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

Shanghai, the People’s Republic of China, 31 March 2022

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