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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

RESULTS HIGHLIGHTS

- Revenue for the Period was approximately RMB471.0 million (corresponding period in 2012: RMB456.2 million);
- Gross profit for the Period was approximately RMB40.5 million (corresponding period in 2012: RMB56.8 million);
- Gross profit margin for the Period was approximately 8.6% (corresponding period in 2012: 12.5%);
- Net loss for the Period was approximately RMB12.1 million which was mainly due to the non-cash accounting losses on fair value changes of the new warrants issued on 14 March 2012 of approximately RMB24.8 million and exchange losses of approximately RMB3.5 million (corresponding period in 2012: net loss of RMB121.1 million which was mainly driven by loss on redemption of original outstanding convertible bonds and cancellation of original outstanding warrants on 14 March 2012);
- Loss per Share for the Period was approximately RMB1.0 cent which was mainly due to the non-cash accounting losses on fair value changes of the new warrants issued on 14 March 2012 of approximately RMB24.8 million and exchange losses of approximately RMB3.5 million (corresponding period in 2012: loss per Share of RMB10.7 cents which was mainly driven by loss on redemption of original outstanding convertible bonds and cancellation of original outstanding warrants on 14 March 2012);
- Overall shipment for the Period was approximately 443.3 MW (including 179.6 MW of wafers and 263.7 MW of polysilicons and ingots), increased substantially by 102.8% from approximately 218.6 MW for the corresponding period in 2012; and
- The Group was in a net cash position of approximately RMB107.1 million and maintained cash and restricted cash balances of approximately RMB371.1 million as at 30 June 2013.

Note: Compared to the six months ended 30 June 2012.

CHAIRMAN STATEMENT

On behalf of Comtec Solar Systems Group Limited, I hereby present the unaudited interim results of the Group for the six months ended 30 June 2013. During the Period, the industry continued to experience pressures from supply-demand imbalance. Average selling prices continued to decline but the rate of decline has slowed. Operating environment remained challenging. Despite the challenges facing the industry, we still achieved year-on-year growth in shipments, maintained reasonable profit margin and further strengthened the financial conditions as a result of solid executions of our business strategies.

Here are some financial and business highlights for the Period:

- Revenue for the Period was approximately RMB471.0 million (corresponding period in 2012: RMB456.2 million);

- Gross profit for the Period was approximately RMB40.5 million (corresponding period in 2012: RMB56.8 million);

- Gross profit margin for the Period was approximately 8.6% (corresponding period in 2012: 12.5%);

- Net loss for the Period was approximately RMB12.1 million which was mainly due to the non-cash accounting losses on fair value changes of the new warrants issued on 14 March 2012 of approximately RMB24.8 million and exchange losses of approximately RMB3.5 million (corresponding period in 2012: net loss of RMB121.1 million which was mainly driven by loss on redemption of original outstanding convertible bonds and cancellation of original outstanding warrants on 14 March 2012);

- Loss per Share for the Period was approximately RMB1.0 cent which was mainly due to the non-cash accounting losses on fair value changes of the new warrants issued on 14 March 2012 of approximately RMB24.8 million and exchange losses of approximately RMB3.5 million (corresponding period in 2012: loss per Share of RMB10.7 cents which was mainly driven by loss on redemption of original outstanding convertible bonds and cancellation of original outstanding warrants on 14 March 2012);

- Overall shipment for the Period was approximately 443.3 MW (including 179.6 MW of wafers and 263.7 MW of polysilicons and ingots), increased substantially by 102.8% from approximately 218.6 MW for the corresponding period in 2012; and

- The Group was in a net cash position of approximately RMB107.1 million and maintained cash and restricted cash balances of approximately RMB371.1 million as at 30 June 2013.

Our unwavering commitments to providing customers with high performance and fairly priced solar wafers differentiates the Group from other competitors in the market. During the Period, we achieved notable shipment growth of approximately 102.8% over the corresponding period in 2012 to 443.3 MW for the Period (including approximately 179.6 MW of wafers and approximately 263.7 MW of polysilicons and ingots). We continued to shift our focus to "Super Mono Wafers" which only have limited suppliers qualified by the major international customers in the market. Based on the feedback from our major customer, the high efficient solar cell with our "Super Mono Wafers" can achieve an average conversion efficiency over 23%. The thickness of such wafers is now reduced to approximately 150 micron. We expect the specifications of “Super Mono Wafers” would further improve in the coming few years. With the continuous decrease in the selling price of polysilicons and modules, our customers increasingly realize the benefits of buying high efficient solar wafers to reduce their overall production costs. It strengthens the demand and provides further business opportunities to high efficient solar wafers in a tough industry environment.

We also continued to diversify our customer base of “Super Mono Wafers”. During the Period, we completed the diamond wire wafer qualification procedures with a reputable Japan-based customer. We expect the shipment to this Japan-based customer would keep increasing in 2013 and 2014. Our ability to manufacture more advanced and efficient products would further differentiate us in the market and strengthen the barrier to entry to our business.

During the Period, we continued to execute our cost reduction strategy. We have achieved continuous cost saving from our improvements in technology, manufacturing process and conversion efficiency of our wafers. We expect to see further cost reductions in the coming quarters. We expect the thickness of “Super Mono Wafers” would be reduced to approximately 145 micron by the end of 2013. Our target is to reduce the thickness of “Super Mono Wafers” to below 120 micron in the coming few years. Cost competitiveness driven by technical advancement would be crucial to the development of solar industry. Our origin as a manufacturer of semiconductor ingots and wafers since 1999 provided us with a strong technical background. We will continue to focus on combining innovative products and manufacturing efficiency to respond to the fast growing and competitive industry environment. We would leverage our advantages in wafer technology to reduce cost without compromising quality and to generate value for our customers. This strategy enabled us to achieve reasonable profit margin during the current volatile market environment and would ensure our long-term sustainability.

Given the current operating environment, it is clear that strict financial discipline is essential to success and we believe diligence in financial matters will separate the winners from the rest. On 22 January 2013, Fonty, Mr. John Zhang, the Company and CCB International Capital Limited, Macquarie Capital Securities Limited and Guotai Junan Securities (Hong Kong) Limited, as the placing agents entered into a placing and subscription agreement pursuant to which the placing agents agreed to place, on best efforts basis, up to 120,000,000 existing Shares owned by Fonty to not fewer than six independent placees at the placing price of HK$1.74 per Share, and Fonty conditionally agreed to subscribe, and the Company agreed to allot and issue to Fonty for such number of subscription shares which is equivalent to the number of shares actually placed under the placing at the subscription price of HK$1.74 per Share. The subscription price for the subscription represented a discount of 7.45% to the closing price of HK$1.88 per Share as stated in the Stock Exchange’s daily quotations sheet on 22 January 2013. The net placing price, after deduction of placing commission and all other fees and expenses, was HK$1.70 per Share. Approximately HK$203.8 million was raised from the subscription to fund the Group’s capital expenditure and general working capital. Further details of these transactions are set out in the Company’s announcement dated 22 January 2013. We believe this support from respected institutional investors is a clear vote of confidence in our long term growth potential.

Coupled with our disciplined financial and operational initiatives, we maintained a solid financial position during the Period. We achieved net cash position of approximately RMB107.1 million and maintained cash and restricted cash balances of approximately

RMB371.1 million as at 30 June 2013. Our solid financial positions enable us to mitigate the risks arising from the volatile industry environment and also allow us to pursue growth opportunities. We believe we are well positioned to maximize our benefits from the industry consolidation process.

Due to the increasing demand on high efficient solar products, the Group is planning to expand production capacity in Malaysia which would enable us to lower the production costs and to increase the scale of operation. Construction of Malaysia facility is on schedule and we target to complete it by the end of 2013. Once completed, it is expected to accommodate around 300MW production capacity. We are still in the process of evaluating various opportunities for purchasing low-cost equipments for our expansion in Malaysia. Due to the rapid changing market environment, the Group may adjust the expansion plan according to the market environment. It would enable us to maintain flexibilities throughout the expansion process and to maximize our advantages from the industry consolidation process.

While we expect to see the challenging industry environment to continue in the near-term, we firmly believe that lower PV system costs will drive the adoption of solar power and long-term market growth. Lower system costs continue to drive market opportunities which are increasingly independent of traditional feed-in-tariffs. During the last few years, the cost of generating power of solar energy per Watt had reduced substantially due to the decrease in polysilicon prices, continuous upgrading of production techniques and enhancement of operational efficiencies in the industry. It has accelerated the industry's progress towards grid-parity and the installation of PV systems becoming increasingly affordable. While China, Japan and the United States represent the strongest expanding end markets for solar energy, we believe that Australia, Africa, the Middle East and the Southeast Asia would be promising emerging markets with substantial growth prospects. We expect that Japan, for example, will be an important market for us as few suppliers can meet Japanese customers' rigorous standards for product quality and reliability. Going forward, we expect that the Group will benefit from this trend of increasing demand for high-efficiency products.

We are confident that we have the reputation, the top-tier suppliers and customers relationships and the capability to adapt to the new economics and competitive landscape of the solar industry. Looking ahead, we will remain focused on our core wafer business where we have demonstrated solid track records and established competitive advantages. We believe such focus will best position the Group in the fast growing and increasingly competitive market of solar products. We are confident to capture enormous opportunities in the upcoming era of clean and economical power of solar energy, to drive continued and healthy growth of the Group in the future.

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 Zhang
Chairman

Shanghai, the People's Republic of China, 26 August 2013

INTERIM RESULTS

The Board is pleased to announce the unaudited interim results and condensed consolidated interim financial statements of the Group for the Period, together with the comparative figures for the corresponding period in 2012. These results have been reviewed by the Company's auditors and reviewed by the Company's audit committee, comprising all of the independent non-executive Directors and a non-executive Director, with one of the independent non-executive Directors chairing the committee.

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2013

	NOTES	**Six months ended 30 June**	
		2013	2012
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue		**471,000**	456,242
Cost of sales		**(430,504)**	(399,430)
Gross profit		**40,496**	56,812
Other income	*5*	**2,998**	38,735
Other gains and losses	*6*	**(19,187)**	(166,022)
Distribution and selling expenses		**(4,693)**	(2,016)
Administrative expenses		**(22,235)**	(22,575)
Finance costs	*7*	**(9,476)**	(23,077)
Loss before taxation	*8*	**(12,097)**	(118,143)
Taxation	*9*	**(25)**	(2,988)
Loss and total comprehensive expense for the period, attributable to the owners of the Company		**(12,122)**	(121,131)
		RMB cents	*RMB cents*
Loss per share			
— Basic	*11*	**(0.98)**	(10.68)
— Diluted	*11*	**(0.98)**	(10.68)

Condensed Consolidated Statement of Financial Positions
At 30 June 2013

	NOTE	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**761,595**	796,195
Prepaid lease payments — non-current		**20,327**	20,556
Deposits paid for acquisition of property, plant and equipment		**9,850**	6,927
Advance to suppliers		**302,474**	355,137
Deferred tax assets		**638**	638
Held-to-maturity investments		**14,105**	–
Other financial assets		**26,491**	26,491
		1,135,480	1,205,944
Current assets			
Inventories		**389,511**	295,864
Trade and other receivables	*12*	**294,451**	295,567
Bills receivable	*12*	**120,785**	28,808
Advance to suppliers		**99,752**	70,186
Prepaid lease payments — current		**458**	458
Tax recoverable		**3,656**	3,690
Pledged bank deposits		**37,117**	172,866
Bank balances and cash		**333,981**	342,381
		1,279,711	1,209,820
Assets classified as held for sale		**23,548**	24,335
		1,303,259	1,234,155
Current liabilities			
Trade and other payables	*13*	**274,137**	384,666
Customers' deposits received		**1,589**	2,368
Short-term bank loans		**405,863**	470,100
Deferred revenue		**287**	287
		681,876	857,421
Liabilities associated with assets classified as held for sale		**322**	336
		682,198	857,757
Net current assets		**621,061**	376,398
Total assets less current liabilities		**1,756,541**	1,582,342

	NOTE	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Capital and reserves			
Share capital		**1,143**	1,039
Reserves		**1,625,135**	1,463,647
Total equity		**1,626,278**	1,464,686
Non-current liabilities			
Deferred tax liabilities		**9,555**	9,569
Long-term bank loans		**10,442**	13,112
Provision for onerous contracts		**39,107**	39,107
Warrants	*14*	**64,200**	39,400
Other financial liabilities		**1,802**	11,024
Deferred revenue		**5,157**	5,444
		130,263	117,656
		1,756,541	1,582,342

Notes to the Condensed Consolidated Financial Statements

1. GENERAL

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, a company incorporated in the British Virgin Islands with limited liability. Its ultimate controlling party is Mr. John Zhang ("Mr. Zhang").

The Company is an investment holding company. The principal activities of the Company's subsidiaries are the manufacture and sales of solar wafers and related products.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with International Accounting Standard 34 "Interim Financial Reporting".

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity. The Group designated the listed guaranteed bonds as held-to-maturity investments since the management of the Group intended to hold the investments for the sake of interest yield. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses.

Revenue recognition

Revenue from subcontracting services provided is recognized upon delivery of services.

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

— IFRS 10 Consolidated Financial Statements;
— IFRS 11 Joint Arrangements;
— IFRS 12 Disclosure of Interests in Other Entities;
— Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance;
— IFRS 13 Fair Value Measurement;
— IAS 19 (as revised in 2011) Employee Benefits;
— IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures;
— Amendments to IFRS 7 Disclosure — Offsetting Financial Assets and Financial Liabilities;
— Amendments to IAS 1 Presentation of Items of Other Comprehensive Income;
— Amendments to IFRSs Annual Improvements to IFRSs 2009-2011 Cycle; and
— IFRIC-Int 20 Stripping Costs in the Production Phase of a Surface Mine.

Except as described below, the application of the above new or revised IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax.

Amendments to IAS 34 Interim Financial Reporting (as part of the Annual Improvements to IFRSs 2009–2011 Cycle)

The Group has applied the amendments to IAS 34 Interim Financial Reporting as part of the Annual Improvements to IFRSs 2009 — 2011 Cycle for the first time in the current interim period. The amendments to IAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (CODM) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM does not review assets and liabilities of the Group's reportable segments for performance assessment and resource allocation purposes, the Group has not included total asset information as part of segment information.

IFRS 13 Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current interim period. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various IFRSs. Consequential amendments have been made to IAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of IFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. IFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

4. SEGMENT INFORMATION

The Group is currently operating in manufacturing and sales of solar wafers and related products. Mr. Zhang, the CODM of the Group, regularly reviews revenue analysis by major products and results of the Group as a whole for the purposes of performance assessment and making decisions about resources allocation. Accordingly, the Group has only one operating segment for financial reporting purpose. The Group's segment loss is the loss before taxation of the Group.

5. OTHER INCOME

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grant *(note)*	**359**	32,007
Interest income	**2,639**	6,500
Others	**–**	228
	2,998	38,735

Note: The government grant represented the amount received from the local government by an operating subsidiary of the Group to encourage activities carried out by the Group in solar business and high-technology advancement incurred in prior periods. No specific conditions are attached to the grant.

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange (losses) gains	**(3,541)**	2,498
Loss on disposal of property, plant and equipment	**(68)**	(2,496)
Gain (loss) on fair value changes of forward contracts	**9,222**	(14,803)
(Loss) gain on fair value changes of warrants *(note 14)*	**(24,800)**	24,200
Loss on fair value changes of derivative financial instruments *(note 14)*	**–**	(2,040)
Loss on redemption of convertible bonds and cancellation of warrants *(note 14)*	**–**	(173,381)
	(19,187)	(166,022)

7. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expense in relation to bank loans wholly repayable within five years	**9,476**	9,803
Effective interest expense on convertible bonds *(Note 14)*	**–**	13,274
	9,476	23,077

8. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss before taxation has been arrived at after charging:		
Cost of inventories recognised as expense	**430,504**	399,430
Depreciation of property, plant and equipment	**40,472**	37,032
Release of prepaid lease payments	**427**	427
Research and development expenses	**4,175**	4,074
Operating lease rentals in respect of rented premises	**424**	453

9. TAXATION

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax		
— Current period	**39**	2,828
Deferred taxation	**(14)**	160
	25	2,988

Taxation arising in the PRC is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 25% for the six months ended 30 June 2013 and 30 June 2012. There is no provision for Hong Kong Profits Tax since the group entities incorporated in Hong Kong incurred tax losses for both periods. Withholding tax has been provided for based on the anticipated dividends to be distributed by the PRC entities to non-PRC residents, if any.

10. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2013 and 2012.

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.

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purposes of basic loss per share	**(12,122)**	(121,131)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,237,149,704**	1,133,890,000

The Company's outstanding convertible bonds did not have dilutive effect to the Company's loss per share during the six months ended 30 June 2012 because their potential conversion to ordinary shares would decrease the loss per share.

The Company's outstanding 2011 Warrants (defined in note 14) did not have dilutive effect to the Company's loss per share during the six months ended 30 June 2012 because the exercise price of the 2011 Warrants were higher than the average market prices of the Company's shares during that period.

The Company's outstanding 2012 Warrants (defined in note 14) did not have dilutive effect on the Company's loss per share during the six months ended 30 June 2013 since their potential conversion to ordinary shares would decrease loss per share. The Company's outstanding 2012 Warrants did not have dilutive effect to the Company's loss per share for the six months ended 30 June 2012 since the exercise price was higher than the average market prices of the Company's shares during the period from the issue of the 2011 Warrants, i.e. 14 March 2012 to 30 June 2012.

Certain outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have a dilutive effect to the Company's loss per share during the six months ended 30 June 2013 and 30 June 2012 as their exercise prices were higher than the average market prices of the Company during both periods and the potential conversion to ordinary shares would decrease loss per share or they had anti-dilutive impact to the loss per share of the Company.

12. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLE

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**171,448**	163,703
Utility deposits	**3,132**	5,903
Value-added-tax recoverable	**108,989**	116,939
Other receivables and prepayments	**10,882**	9,022
	294,451	295,567
Bills receivable	**120,785**	28,808

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

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Age		
0 to 30 days	**58,751**	43,054
31 to 60 days	**59,923**	78,031
61 to 90 days	**44,344**	17,464
91 to 180 days	**786**	21,554
Over 180 days	**7,644**	3,600
	171,488	163,703

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

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Age		
0 to 30 days	**6,977**	16,344
31 to 60 days	**31,997**	3,075
61 to 90 days	**21,826**	7,000
91 to 180 days	**59,985**	2,389
	120,785	28,808

13. TRADE AND OTHER PAYABLES

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**242,161**	249,221
Payables for acquisition of property, plant and equipment	**11,495**	20,415
Other payables and accrued charges	**11,383**	15,022
Outstanding Principal Payments *(defined in note 14)*	**9,098**	100,008
	274,137	384,666

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

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Age		
0 to 30 days	**96,676**	59,454
31 to 60 days	**66,354**	40,436
61 to 90 days	**56,747**	46,787
91 to 180 days	**9,587**	77,720
Over 180 days	**12,797**	24,824
	242,161	249,221

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

14. CONVERTIBLE BONDS/WARRANTS/DERIVATIVE FINANCIAL INSTRUMENTS

The Company issued RMB-denominated convertible bonds at a par value of RMB100,000 each with an aggregate principal amount of approximately RMB655 million in 2011 to an independent third party who is not related to the Group (the "Bondholder"). The convertible bonds would be matured in five years since issuance. The conversion price was fixed at HK$3.90 (at the fixed exchange rate of HK$1.1917494 = RMB1 as pre-determined).

Concurrent with the issuance of the bonds, 95,121,951 fully detachable and transferrable warrants ("2011 Warrants") each to purchase one ordinary share of the Company were issued. The exercise price of the 2011 Warrants was HK$4.10 and would be expired in five years from the date of issuance.

Details of convertible bonds and 2011 Warrants are set out in the Company's annual report for the year ended 31 December 2012.

On 20 January 2012 and 9 November 2012, the Company and the Bondholder entered into agreements ("Repurchase Deeds"), pursuant to which the Company agreed to repurchase, and the Bondholder (which also held the outstanding 2011 Warrants of the Company) agreed to sell, 75% ("Repurchase Transaction I") and 25% ("Repurchase Transaction II"), respectively, the convertible bonds and 2011 Warrants issued by the Company, in consideration for a cash payment of approximately RMB491 million and RMB164 million, respectively, which these considerations were equal to the aggregate principal amount of the bonds and 2011 Warrants.

Under the Repurchase Deed dated 20 January 2012, the Bondholder granted an option ("Call Option") to the Company to request the Bondholders to (i) to cancel of all remaining 2011 Warrants at no cost; and (ii) sell all (but not some only) of the outstanding bonds to the Company for an amount in cash equal to the aggregate principal amount of all such original bonds, at any time from the date of such Repurchase Deed to 31 January 2013. The Repurchase Transaction I was completed on 14 March 2012.

Under the Repurchase Deed dated 9 November 2012, the Company exercised the Call Option in full and the parties agreed that the Company shall pay the amount for the repurchase of all the outstanding bonds by instalments (each an "Outstanding Principal Payments"). The Company shall pay each Outstanding Principal Payments on the below relevant payment date:

Payment Date	**Outstanding Principal Payment**
Repurchase completion date, being 9 November 2012	RMB21,205,800
24 November 2012	RMB21,205,800
24 December 2012	RMB21,205,800
24 January 2013	RMB21,205,800
24 February 2013	RMB21,205,800
24 March 2013	RMB21,205,800
24 April 2013	RMB9,097,550
24 May 2013	RMB9,097,550
24 June 2013	RMB9,097,550
24 July 2013	RMB9,097,550

The Outstanding Principal Payments are unsecured and interest-free. As at 30 June 2013 and 31 December 2012, the aggregate unsettled Outstanding Principal Payments were approximately RMB9,098,000 and RMB100,008,000, respectively.

The Repurchase Transaction II was completed on 9 November 2012.

The Call Option was measured at fair value with changes in fair value recognised in profit or loss. The fair values of the Call Option on 14 March 2012 and 9 November 2012 were approximately RMB 2,077,000 and RMB112,000, respectively. The fair values of the Call Option of the Company on 14 March 2012 and 9 November 2012 was calculated using the Binomial Pricing model.

The movement of the fair values of the Call Option for the period from 14 March 2012 to 9 November 2012 was set out below:

	RMB'000
Carrying amount at 14 March 2012	2,077
Loss on fair value change recognised in profit or loss	(2,040)
Carrying amount at 30 June 2012	37
Gain on fair value change recognised in profit or loss	75
Carrying amount at 9 November 2012	112

On 20 January 2012, the Company and the Bondholder also entered into a warrant subscription agreement, pursuant to which the Company agreed to issue new warrants to the Bondholder, in consideration for (i) repurchase by the Company of the bonds at par value and (ii) significant value-added services provided by the Bondholder to the Company in respect of new customers, production yields, financial planning and business development ("Warrants Issue Transaction"). The Company agreed to issue detachable and transferrable warrants ("2012 Warrants"), exercisable for a period of four years from the date of issue, to the Bondholder who was entitled to subscribe for up to 94,354,839 shares at a price of HK$1.24 per share. The Warrants Issue Transaction were completed on 14 March 2012.

Details of the 2012 Warrants are set out in the Company's annual report for the year ended 31 December 2012.

The movement of the fair value of the 2012 Warrants was set out below:

	RMB'000
Carrying amount at 14 March 2012	59,300
Gain on fair value change recognised in profit or loss	(32,300)
Carrying amount at 30 June 2012	27,000
Loss on fair value change recognised in profit or loss	12,400
Carrying amount at 31 December 2012	39,400
Loss on fair value change recognised in profit or loss	24,800
Carrying amount at 30 June 2013	64,200

The directors of the Company considered that the Repurchase Transaction I and Warrants Issue Transaction are part of the same arrangement and Repurchase Transaction I would not have occurred without Warrants Issue Transaction and vice versa, and therefore should be considered as linked transactions (the "Linked Transaction"). The aggregate consideration for each of the Linked Transaction and the Repurchase Transaction II was analysed as follows:

	Linked Transaction *RMB'000*	**Repurchase Transaction II** *RMB'000*
Cash	490,875	–
Fair values of 2012 Warrants	59,300	–
Fair values of Call Option	(2,077)	112
Outstanding Principal Payments	–	163,625
	548,098	163,737

The movements of the liability component and equity component of the convertible bonds and 2011 Warrants during the year ended 31 December 2012 are set out below:

	Debt	Equity	2011 Warrants	Total
	RMB'000	*RMB'000*	*RMB'000* *(Note)*	*RMB'000*
At 1 January 2012	402,444	188,839	14,600	605,883
Interest charged	9,712	–	–	9,712
Change in fair values	–	–	12,600	12,600
At 14 March 2012	412,156	188,839	27,200	628,195
Repurchase Transaction	(309,117)	(141,629)	(20,400)	(471,146)
Interest charged	3,562	–	–	3,562
Change in fair values	–	–	(4,500)	(4,500)
At 30 June 2012	106,601	47,210	2,300	156,111
Interest charged	4,032	–	–	4,032
Change in fair values	–	–	1,700	1,700
At 9 November 2012	110,633	47,210	4,000	161,843
Repurchase Transaction II	(110,633)	(47,210)	(4,000)	(161,843)
At 31 December 2012	–	–	–	–

Loss on redemption for the six months ended 30 June 2012 amounted to approximately RMB173,381,000 and was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Persistent supply-demand imbalance, coupled with competitive pricing, continues to impact our business and the overall industry. This pressure was exacerbated by the uncertainties on international trade conflicts. Despite these short term challenges, we see further signs of industry consolidation. A large number of solar companies have shut down operations or become financially insolvent which reduced industry over-capacity. The credit environment, particularly in China, has become more disciplined leading to heavily debt-leveraged companies getting more difficult to survive. Only cost-saving leaders can remain operationally profitable and maintain solid financial positions to mitigate the risks during industry consolidation process.

Our unwavering commitments to providing customers with high performance and fairly priced solar wafers differentiates the Group from other competitors in the market. During the Period, we achieved notable shipment growth of approximately 102.8% over the corresponding period in 2012 to 443.3 MW for the Period (including approximately 179.6 MW of wafers and approximately 263.7 MW of polysilicons and ingots). We continued to shift our focus to "Super Mono Wafers" which only have limited suppliers qualified by the major international customers in the market. Based on the feedback from our major customer, the high efficient solar cell with our "Super Mono Wafers" can achieve an average conversion efficiency over 23%. The thickness of such wafers is now reduced to approximately 150 micron. We expect the specifications of "Super Mono Wafers" would further improve in the coming few years. With the continuous decreases in the selling price of polysilicons and modules, our customers increasingly realize the benefits of buying high efficient solar wafers to reduce their overall production costs. It strengthens the demand and provides further business opportunities to high efficient solar wafers in a tough industry environment.

We also continue to diversify our customer base of "Super Mono Wafers". During the Period, we completed the diamond wire wafer qualification procedures with a reputable Japan-based customer. We expect the shipment to this Japan-based customer would keep increasing in 2013 and 2014. Our ability to manufacture more advanced and efficient products would further differentiate us in the market and strengthen the barrier to entry to our business.

Our top five customers in the Period represented approximately 76.4% of our total revenues, compared to approximately 87.8% in the corresponding period last year. The sales to the largest customer in Philippines with the high quality "Super Mono Wafers" accounted for approximately 61.1% of our total revenues in the Period, as compared to approximately 74.4% in the corresponding period in 2012. During the industry consolidation process, we mainly focus on the prestige customers with sounding financial positions.

During the Period, we continued to execute our cost reduction strategy. We have achieved continuous cost saving from our improvements in technology, manufacturing process and conversion efficiency of our wafers. We expect to see further cost reductions in the coming quarters. We expect the thickness of "Super Mono Wafers" would be reduced to approximately 145 micron by the end of 2013. Our target is to reduce the thickness of "Super Mono Wafers" to below 120 micron in the coming few years. Cost competitiveness driven by technical advancement would be crucial to the development of solar industry. Our origin as a manufacturer of semiconductor ingots and wafers since 1999 provided us with a strong technical background. We will continue to focus on combining innovative products and manufacturing efficiency to respond to the fast growing and competitive industry environment. We would leverage our advantages in wafer technology to reduce cost without compromising quality and to generate value for our customers. This strategy enabled us to achieve reasonable profit margin during the current volatile market environment and would ensure our long-term sustainability.

We also benefited from our tight control over operating expenses while still investing in human resources, product quality, branding and technology. We continued to evaluate costs across our organization. The Group has always strived to maintain a lean organization and to minimize unnecessary costs. We want to ensure that we are deploying our resources effectively and efficiently. These initiatives will strengthen our business performance and the platform for future growth.

Given the current operating environment, it is clear that strict financial discipline is essential to success and we believe diligence in financial matters will separate the winners from the rest. On 22 January 2013, Fonty, Mr. John Zhang, the Company and CCB International Capital Limited, Macquarie Capital Securities Limited and Guotai Junan Securities (Hong Kong) Limited, as the placing agents entered into a placing and subscription agreement pursuant to which the placing agents agreed to place, on best efforts basis, up to 120,000,000 existing Shares owned by Fonty to not fewer than six independent placees at the placing price of HK$1.74 per Share, and Fonty conditionally agreed to subscribe, and the Company agreed to allot and issue to Fonty for such number of subscription shares which is equivalent to the number of shares actually placed under the placing at the subscription price of HK$1.74 per Share. The subscription price for the subscription represented a discount of 7.45% to the closing price of HK$1.88 per Share as stated in the Stock Exchange's daily quotations sheet on 22 January 2013. The net placing price, after deduction of placing commission and all other fees and expenses, was HK$1.70 per Share. Approximately HK$203.8 million was raised from the subscription to fund the Group's capital expenditure and general working capital. Further details of these transactions are set out in the Company's announcement dated 22 January 2013. We believe this support from respected institutional investors is a clear vote of confidence in our long term growth potential.

Coupled with our disciplined financial and operational initiatives, we maintained a solid financial position during the Period. We achieved net cash position of approximately RMB107.1 million and maintained cash and restricted cash balances of approximately RMB371.1 million as at 30 June 2013. Our solid financial positions enable us to mitigate the risks arising from the volatile industry environment and also allow us to pursue growth opportunities. We believe we are well positioned to maximize our benefits from the industry consolidation process.

Due to the increasing demand on high efficient solar products, the Group is planning to expand production capacity in Malaysia which would enable us to lower the production costs and to increase the scale of operation. Construction of Malaysia facility is on schedule and we target to complete it by the end of 2013. Once completed, it is expected to accommodate around 300 MW production capacity. We are still in the process of evaluating various opportunities for purchasing low-cost equipments for our expansion in Malaysia. Due to the rapid changing market environment, the Group may adjust the expansion plan according to the market environment. It would enable us to maintain flexibilities throughout the expansion process and to maximize our advantages from the industry consolidation process.

While we expect to see the challenging industry environment to continue in the near-term, we firmly believe that lower PV system costs will drive the adoption of solar power and long-term market growth. Lower system costs continue to drive market opportunities which are increasingly independent of traditional feed-in-tariffs. During last few years, the cost of generating power of solar energy per Watt had reduced substantially due to the decrease in polysilicon prices, continuous upgrading of production techniques and enhancement of operational efficiencies in the industry. It has accelerated the industry's progress towards grid-parity and the installation of PV systems becoming increasingly affordable. While China, Japan and the United States represent the strongest expanding end markets for solar energy, we believe that Australia, Africa, the Middle East and the Southeast Asia would be promising emerging markets with substantial growth prospects. We expect that Japan, for example, will be an important market for us as few suppliers can meet Japanese customers' rigorous standards for product quality and reliability. Going forward, we expect that the Group will benefit from this trend of increasing demand for high-efficiency products.

We are confident that the Group's advanced technological capability, high-quality product offerings and strong financial position would best position us for long-term success. Looking ahead, we will remain focused on our core wafer business where we have demonstrated solid track records and established competitive advantages. We believe it will help us to gain more market shares, to strengthen the barrier to entry our business and to protect our profit margins.

FINANCIAL REVIEW

Revenue

Revenue increased by RMB14.8 million, or 3.2%, from RMB456.2 million for the corresponding period in 2012 to RMB471.0 million for the Period, primarily as a result of the growth in our sales volume, but partially offset by decreasing in average selling price. Due to the increase in customer demand for our high quality monocrystalline solar products, our shipment volume increased by 102.8% from 218.6 MW for the corresponding period in 2012 to 443.3 MW for the Period (including 179.6 MW of wafers and 263.7 MW of polysilicons and ingots).

Sales of 125 mm by 125 mm monocrystalline solar wafers

Revenue from sales of 125 mm by 125 mm monocrystalline solar wafers decreased by RMB63.9 million, or 18.8%, from RMB340.4 million for the corresponding period in 2012 to RMB276.5 million for the Period, primarily due to the decrease of average selling price which, however, was partially offset by the increase in our sales volume by 24.5% from 114.5 MW for the corresponding period in 2012 to 142.5 MW for the Period.

Processing services of 125 mm by 125 mm monocrystalline solar wafers

Revenue from processing fees on 125 mm by 125 mm monocrystalline solar wafers was RMB20.7 million and there was no such revenue in the corresponding period in 2012. The shipment volume related to the processing services was approximately 34.2 MW for the Period.

Sales of 156 mm by 156 mm monocrystalline solar wafers

Revenue from sales of 156 mm by 156 mm monocrystalline solar wafers decreased by RMB33.8 million, or 86.4%, from RMB39.1 million for the corresponding period in 2012 to RMB5.3 million for the Period, primarily as a result of a decrease of sales volume by 85.5% from 20.0 MW for the corresponding period in 2012 to 2.9 MW for the Period due to our change of focus to "Super Mono Wafers".

Others

Other revenue was mainly generated from sales of polysilicon and ingots which increased by RMB91.8 or 119.7%, from RMB76.7 million for the corresponding period in 2012 to RMB168.5 million for the Period. The sale volume was increased by 213.6% from 84.1 MW for the corresponding period in 2012 to 263.7 MW for the Period.

Revenue by geographical market

In relation to the geographical analysis of our revenue, approximately 61.1% of total revenue for the Period was generated from our sales to Philippines (2012: 74.4%). The remaining portion was mainly generated from our sales to PRC-based and Japan-based customers.

Cost of sales

Cost of sales increased by RMB31.1 million, or 7.8%, from RMB399.4 million for the corresponding period in 2012 to RMB430.5 million for the Period, primarily as a result of the increase in shipment volumes which was partially offset by the decrease in the average prices of polysilicon by 25.1% during the Period to RMB139.0 per kg from RMB185.7 per kg for the corresponding period in 2012 as well as the improvement in production efficiency.

Gross profit

Gross profit decreased by RMB16.3 million, or 28.7%, from RMB56.8 million for the corresponding period in 2012 to RMB40.5 million for the Period, primarily due to the aforementioned factors.

Other income

Other income decreased by RMB35.7 million, or 92.2%, from RMB38.7 million for the corresponding period in 2012 to RMB3.0 million for the Period, which was primarily related to the government subsidies income of RMB 32.0 million received in the corresponding period in 2012.

Other gains and losses

Other losses were approximately RMB19.2 million during the Period. It was mainly related to the losses from fair value changes on the new warrants issued on 14 March 2012. Other losses decreased by RMB146.8 million, or 88.4% from approximately RMB166.0 million for the corresponding period in 2012, which was primarily due to the non-cash and one-time accounting losses of RMB173.4 million incurred from the repurchase of original outstanding convertible bonds and the cancellation of original outstanding warrants in the corresponding period on 14 March 2012.

Distribution and selling expenses

Distribution and selling expenses increased by RMB2.7 million, or 135.0%, from RMB2.0 million for the corresponding period in 2012 to RMB4.7 million during the Period, primarily due to the increase in export sales during the Period.

Administrative and general expenses

Administrative and general expenses decreased by RMB0.4 million, or 1.8%, from RMB22.6 million for the corresponding period in 2012 to RMB22.2 million for the Period. Due to the effective controls on operating expenses, the Group successfully reduced the administrative and general expenses even though the shipment volume increased materially during the Period.

Interest expenses

Interest expenses decreased by RMB13.6 million from RMB23.1 million for the corresponding period in 2012 to RMB9.5 million for the Period, primarily due to the decrease in effective interest expenses charged on the original outstanding convertible bonds which have been repurchased in the corresponding period in 2012.

Loss before taxation

Loss before taxation was approximately RMB12.1 million for the Period, decreasing from the loss before taxation of RMB118.1 million for the corresponding period in 2012, due to the aforementioned factors.

Taxation

Taxation decreased from RMB3.0 million for the corresponding period in 2012 to RMB0.03 million for the Period. The decrease was mainly due to the decrease in our profit before taxation from the operating entities in China.

Loss for the Period

The Group recorded a loss of RMB12.1 million during the Period, decreasing from the loss of RMB121.1 million for the corresponding period in 2012, due to the aforementioned factors. Net loss margin of 2.6% for the Period decreased from the net loss margin of 26.5% for the corresponding period in 2012.

Interim dividend

The Board resolved not to declare an interim dividend for the Period (six months ended 30 June 2012: nil).

Inventory turnover days

There was an increase in inventory balance of 31.6% from RMB295.9 million as at 31 December 2012 to RMB389.5 million as at 30 June 2013, which was mainly due to the increase in inventory of polysilicons to mitigate potential impacts from anti-dumping disputes between China and overseas governments, the increase in our work-in-progress in order to support the increase in our shipment volume and our substantial increase in overseas sales which would require longer transportation lead time and higher inventory level to ensure reliable delivery performance. The inventory turnover days as at 30 June 2013 totaled 164 days (31 December 2012: 115 days).

Trade receivable turnover days

The trade receivable turnover days as at 30 June 2013 totaled 66 days (31 December 2012: 58 days). For the Period, the Group has shifted the focus to "Super Mono Wafers" which were mainly sold to overseas customers. The credit period to overseas customers is approximately 60 days. The Group normally grants a credit period of 30 to 90 days to other customers. The average receivable turnover days were approximately 66 days which was within the credit periods of the Group grants to its customers.

Trade payable turnover days

The trade payable turnover days as at 30 June 2013 totaled 102 days (31 December 2012: 97 days). The increase in turnover days was mainly due to the challenging market environment in the Period and the continuous supports from suppliers.

Liquidity and financial resources

The Group's principal sources of working capital included cash flow from operating activities, bank borrowings and the proceeds from share placing. As at 30 June 2013, the Group's current ratio (current assets divided by current liabilities) was 1.9 (31 December 2012: 1.4) and it was in a net cash position of approximately RMB107.1 million (31 December 2012: net debt of approximately RMB12.7 million). The Group's financial position remained healthy during the Period. As at 30 June 2013, the Group was in a net cash position of RMB107.1 million (31 December 2012: net debt of approximately RMB12.7 million) which included cash and cash equivalent, note receivables endorsed by banks, bonds, other financial assets and pledged bank deposits of RMB532.5 million (31 December 2012: RMB570.5 million), short-term bank loans of RMB405.9 million (31 December 2012: RMB470.1 million) and outstanding principal payments to repurchase of convertible bonds of RMB9.1 million (31 December 2012: RMB100.0 million) and long-term bank loans of RMB10.4 million (31 December 2012: RMB13.1 million).

On 22 January 2013, Fonty, Mr. John Zhang, the Company and CCB International Capital Limited, Macquarie Capital Securities Limited and Guotai Junan Securities (Hong Kong) Limited, as the placing agents entered into a placing and subscription agreement pursuant to which the placing agents agreed to place, on best efforts basis, up to 120,000,000 existing Shares owned by Fonty to not fewer than six independent placees at the placing price of HK$1.74 per Share, and Fonty conditionally agreed to subscribed, and the Company agreed to allot and issue to Fonty for such number of subscription shares which is equivalent to the number of shares actually placed under the placing at the subscription price of HK$1.74 per Share. The subscription price for the subscription represented a discount of 7.45% to the closing price of HK$1.88 per Share as stated in the Stock Exchange's daily quotations sheet on 22 January 2013. The net placing price, after deduction of placing commission and all other fees and expenses, was HK$1.70 per Share. Approximately HK$203.8 million was raised from the subscription to fund the Group's capital expenditure and general working capital. Further details of these transactions are set out in the Company's announcement dated 22 January 2013.

We would implement a balanced financing plan to support the operation of our solar wafer business.

Capital commitments

As at 30 June 2013, the Group had capital commitments of approximately RMB130.3 million (31 December 2012: RMB98.7 million). The increase is mainly due to the proposed expansion plan of the Group in Malaysia.

Contingent liabilities

As at 30 June 2013, there was no material contingent liability (31 December 2012: Nil).

Related party transactions

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

Charges on group assets

During the Period, the Group entered into several arrangements with an established commercial bank in the PRC pursuant to which the Group borrowed USD and Euro loans from this bank for contractual periods of three months to one year (31 December 2012: one year) for settlement of its payables denominated in USD and Euro. At the same time, the Group (a) placed fixed deposits (in RMB amounts equivalent to the respective USD and Euro loans plus fixed interest at rates ranging from 2.55% to 2.91% (31 December 2012: 2.16% to 2.91% per annum thereon) for the same contractual periods to the same bank as security against the USD and Euro loans, and (b) entered into forward contracts with the bank to purchase USD and Euro (in amounts equivalent to the USD and Euro loan plus interests thereon) by RMB and HKD at predetermined forward rates.

As at 30 June 2013, fixed deposits denominated in RMB of approximately RMB37.1 million (31 December 2012: RMB172.9 million) and the USD and Euro loan of approximately USD3.5 million and Euro2.1 million, respectively (equivalent to an aggregate amount of approximately RMB38.2 million) (31 December 2012: USD17.0 million and Euro8.3 million (equivalent to an aggregate amount of approximately RMB175.7 million)) are included in pledged bank deposits and bank borrowings, respectively.

As at 30 June 2013, other than the restricted cash of approximately RMB37.1 million, the Group also pledged its buildings and prepaid lease payments with the net book values of approximately RMB90.2 million (31 December 2012: RMB92.7 million) and approximately RMB14.4 million (31 December 2012: RMB14.6 million), respectively, to the banks to secure banking facilities granted to the Group.

Save as disclosed above, as at 30 June 2013, no assets of the Group were under charge to any financial institutions.

Acquisition of subsidiary

No subsidiary of the Company was acquired during the Period.

Disposal of subsidiary

No subsidiary of the Company was disposed during the Period.

Use of proceeds

Apart from the capital raising activity mentioned below, the Company has not conducted any equity fund raising activities in the past 12 months from the date of this announcement.

Date of initial announcement	Capital raising activity	Use of net proceeds
18 December 2012	Placing of up to 50,000,000 Shares at the placing price of HK$1.15, representing a discount of approximately 8% to the closing price of HK$1.25 per Share quoted on the Stock Exchange on 17 December 2012, being the last trading day of the Shares immediately prior to the date of the placing and subscription agreement. The net placing price, after deduction of placing commission and all other fees and expenses, is HK$1.13 per Share.	Approximately HK$28 million has been used to meet capital expenditure of the Group and approximately HK$28 million has been used as general working capital of the Group
22 January 2013	Placing of up to 120,000,000 Shares at the placing price of HK$1.74, representing a discount of approximately 7.45% to the closing price of HK$1.88 per Share quoted on the Stock Exchange on 22 January 2013, being the date of the placing and subscription agreement. The net placing price, after deduction of placing commission and all other fees and expenses, was HK$1.70 per Share.	Approximately HK$100 million will be used to meet capital expenditure of the Group and approximately HK$100 million has been used as general working capital of the Group

Human resources

As at 30 June 2013, the Group had 795 (31 December 2012: 807) employees. The remuneration of the existing employee includes basic salaries, discretionary bonuses and social security contributions. Pay levels of the employees are commensurate with their responsibilities, performance and contribution.

Details of the future investment plans for material investment

The Group is planning to expand production capacity in Malaysia which would enable the Group to lower production costs and to increase the scale of operation. Construction of Malaysia facility is on schedule and we expect to complete it by the end of 2013. Once completed, it is expected to accommodate around 300 MW production capacity.

We are still in the process of evaluating various opportunities for purchasing low costs equipments for our expansion in Malaysia. Due to the rapid changing market environment, the

Group may adjust the expansion plan according to the market environment. It would enable the Group to maintain flexibilities throughout the expansion process. We believe this strategy would enable the Group to maximize its advantages from the industry consolidation process.

Exposure to fluctuations in exchange rates and any related hedges

The Group recognised net exchange losses of approximately RMB3.5 million, which mainly arose from monetary assets and liabilities of the group entities denominated in foreign currencies. Although the Group entered into foreign currency forward contracts, the Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance in the interests of Shareholders. Except for the deviation from code provision A.2.1 as disclosed below, during the Period, the Company had complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

Under provision A.2.1 of the Corporate Governance Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The Group does not at present separate the roles of the chairman and chief executive officer. Mr. John Zhang is the chairman and chief executive officer of the Group. He has extensive experience in solar wafer industry and is responsible for the overall corporate strategies, planning and business management of the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same individual is beneficial to the business prospects and management of the Group. The balance of power and authorities is ensured by the operation of the Board and the senior management, which comprise experienced and high caliber individuals. The Board currently comprises three executive Directors, one non-executive Director and three independent non-executive Directors and has a strong independence element in its composition.

MODEL CODE

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

REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

DEFINITION

"Board" or "Board of Directors"	the board of Directors
"Company"	Comtec Solar Systems Group Limited
"Corporate Governance Code"	Code on corporate governance practices contained in Appendix 14 to the Listing Rules
"Directors(s)"	the director(s) of the Company
"Euro"	the lawful currency of the eurozone
"Fonty"	Fonty Holdings Limited
"Global Offering"	the global offering of the Company
"Group"	the Company and its subsidiaries
"HKD" or "HK$", and "HK cent(s)"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Listing 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
"Period"	the six months ended 30 June 2013
"PRC" or "China"	The People's Republic of China
"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
"USD"	United States dollars, the lawful currency of the United States of America
"*"	For identification only
"%"	per cent

By Order of the Board
Comtec Solar Systems Group Limited
John ZHANG
Chairman

Shanghai, the People's Republic of China, 26 August 2013

As at the date of this announcement, the executive Directors are Mr. John Zhang, Mr. Chau Kwok Keung and Mr. Shi Cheng Qi, the non-executive Director is Mr. Donald Huang, and the independent non-executive Directors are Mr. Leung Ming Shu, Mr. Kang Sun and Mr. Daniel DeWitt Martin.