

[For immediate release]



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

Comtec Solar Announces 2012 Interim Results

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Overall Shipments Almost Double to Record High to 218.6 MW
Outperforms the Market with Gross Margin at 12.5%
Achieves Adjusted Net Income from Operations of RMB58.2 mln
Posts Operating Cash Inflow of RMB71.0 mln
Controls Net Debt to Equity Ratio at 8.9%

(Hong Kong, PRC and Singapore, 2 September 2012) — **Comtec Solar Systems Group Limited** (HKSE: 712, “Comtec Solar” or “the Company”, together with its subsidiaries, the “Group”), a global leader in manufacturing high quality monocrystalline solar wafers, announced its unaudited financial results for the six months ended 30 June 2012 (the “Period”).

Results highlights:

- Total revenue was approximately RMB456.2 million and gross profit margin was approximately 12.5%
- Overall shipments surged by 99.8% to approximately 218.6 MW, compared to approximately 109.4 MW for the corresponding period in 2011
- Annualized production capacity maintained at 600 MW as at 30 June 2012 and no expansion made during the Period
- Cash inflow from operations was approximately RMB71.0 million
- Maintained a healthy financial position and tightly controlled the net debt/equity ratio at approximately 8.9%. As at 30 June 2012, cash and bank balances amounted to approximately RMB244.0 million
- Adjusted net profit for the Period was approximately RMB58.2 million after excluding the non-cash accounting treatment on the repurchase of convertible bonds and cancellation of certain warrants of approximately RMB173.4 million, non-cash effective interest expense on convertible bonds of approximately RMB13.3 million and the net gain on fair value changes of derivative financial instruments of approximately RMB7.4 million
- Net loss for the Period was approximately RMB121.1 million

During the Period, thanks to the record high shipment volume, the Group posted revenue of approximately RMB456.2 million (2011: RMB574.7 million) and achieved gross profit of approximately RMB56.8 million (2011: RMB135.4 million). Despite the drop of average selling prices and the consolidation of production capacity across the solar industry, the Group still achieved a superior gross profit margin of approximately 12.5% (2011: 23.6%), mainly attributable to its focus on premium product of “Super Mono Wafer” and its technical advancement in production processes.

Excluding the non-cash accounting treatment on the repurchase of convertible bonds and cancellation of certain warrants of approximately RMB173.4 million, non-cash effective interest expense on convertible bonds of approximately RMB13.3 million and the net gain on fair value changes of derivative financial instruments of approximately RMB7.4 million, the Group recorded an adjusted net profit for the Period of approximately RMB58.2 million, translating into adjusted earnings per Share of RMB5.1 cents.

“For the past six months, the PV industry continued to face tremendous challenges as competition intensified. Continued industry-wide overcapacity, decline of selling prices across the entire solar supply chain and the reduction in feed-in-tariffs all in all adversely affected the operating margins and profitability of all solar companies,” said **Mr John Zhang, Chairman of Comtec Solar**. “However, we strategically shifted the focus of production to our premium “Super Mono Wafer” and maintained a remarkable gross profit margin of approximately 12.5%, which generated positive cash flow from operations of approximately RMB71.0 million.”

During the Period, customers increasingly realised the benefits of buying highly efficient wafers to minimise their overall production costs. The Group successfully differentiated itself from other industry peers with its advanced and cost effective wafer products. Due to the successful shift of focus to its premium “Super Mono Wafer” with an average conversion efficiency of approximately 23%, the Group’s overall shipments surged by 99.8% to approximately 218.6 MW (2011: 109.4 MW). The Group expects to gradually replace the traditional P-type monocrystalline wafers with its “Super Mono Wafer”.

To further diversify its customer base for “Super Mono Wafer” and differentiate itself in the market through strengthening the entry barrier, the Group continued to work on the qualification process with potential customers in Japan, where few suppliers can meet their rigorous standards on product quality and reliability.

The financial position of the Group remained solid and healthy. As at 30 June 2012, the Group’s cash and bank balances amounted to approximately RMB244.0 million (2011: RMB746.1 million). In response to the competitive market landscape within the solar industry, the Group proactively reduced its debt levels and tightly controlled the net debt/equity ratio to 8.9% to mitigate any challenges appearing in the industry consolidation process.

Looking ahead, though operating conditions remain challenging in the near-term, the Group firmly believes prospects for the solar industry are promising in the long run. Over the years, with the continuous decline of polysilicon prices, remarkable improvement in production efficiency, and a substantial drop in solar installation costs, the solar industry keeps achieving strong and remarkable growth in market demand even amid a challenging macro-environment. The solar industry will become increasingly independent of traditional feed-in-tariffs and solar energy will in turn become increasingly affordable.

Meanwhile, under the Building-Integrated Photovoltaics (BIPV) Demonstration Projects 2012 in China, Comtec Solar's BIPV project in its manufacturing factory was one of the two projects in Shanghai gaining approval from the government. For this, Mr Zhang commented: "China is one of the largest energy consuming countries in the globe and we believe the Chinese government will continue to invest and provide support to high quality BIPV projects."

"To conclude, we are confident we can withstand intense competition and remain a cost-leading player in the PV industry backed by our solid track record in cost reductions, improvements in technology and production efficiency, as well as our wafers' high conversion efficiency. We expect to see further cost reductions in the coming quarters and our cost-effective premium products shall seize greater share in high-end niche markets, as we see our cost competitiveness driven by technical advancement as a crucial way of differentiating ourselves from other industry peers. With our solid and healthy financial position, competitive cost structure and advanced technical capabilities, we are well-positioned to maintain our leading position in the industry and to maximize our benefits from the industry consolidation ahead in 2012," Mr Zhang said.

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About Comtec Solar Systems Group Ltd (HKSE: 712)

Founded in 1999 and tapped into the solar wafer industry in 2004, Comtec Solar is a leading high quality monocrystalline solar ingot and wafer manufacturer in the PRC and one of the pioneer manufacturers in the PRC be able to massively produce Super Mono Wafers which achieve an average conversion rate of approximately 23%. With its production bases in Shanghai and Jiangsu, Comtec Solar focuses on the design, development, manufacture and marketing of high-quality solar wafers and has accumulated strong industry experience in the manufacture of semiconductor ingots and wafers. Currently, the Company supplies most of its solar products to the leading solar cell/module manufacturers. Listed on the Main Board of the HKSE on 30 October 2009, the Company is committed to enhancing product quality as well as developing new and innovative solar wafers. As it is well positioned to benefit from the growth of the solar PV industry, the Company aims to broaden its customer base internationally.

For more information please visit www.comtecsolar.com.

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