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

2010
INTERIM REPORT

Contents

Corporate Information

Directors

Executive Directors

Mr. John Zhang

Mr. Chau Kwok Keung

Mr. Shi Cheng Qi

Non-executive Director

Mr. Phen, Chun Shing Vincent

Independent non-executive Directors

Mr. Daniel DeWitt Martin

Mr. Kang Sun

Mr. Leung Ming Shu

Company secretary

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

Authorised representatives

Mr. John Zhang

Mr. Chau Kwok Keung

Audit committee

Mr. Leung Ming Shu *(Chairman)*

Mr. Daniel DeWitt Martin

Mr. Kang Sun

Nomination committee

Mr. John Zhang *(Chairman)*

Mr. Daniel DeWitt Martin

Mr. Kang Sun

Remuneration committee

Mr. John Zhang *(Chairman)*

Mr. Kang Sun

Mr. Leung Ming Shu

Registered office

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Headquarter

16 Yuan Di Road

Nanhui Industrial Zone

Shanghai 201314

PRC

Principal place of business in Hong Kong

Suite 28

35/F Central Plaza

18 Harbour Road

Wanchai

Hong Kong

Company's website

www.comtecsolar.com

Compliance adviser

Piper Jaffray Asia Limited

39th Floor, Tower 1, Lippo Centre

89 Queensway, Admiralty

Hong Kong

Auditor

Deloitte Touche Tohmatsu

Legal Advisers as to Hong Kong Law

Orrick, Herrington & Sutcliffe

Principal bankers

Agricultural Bank of China

Cayman Islands principal share registrar and transfer office

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Financial Summary

Results

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Turnover	429,062	184,253
Profit before interest expense and taxation	84,577	10,612
Interest expense	(3,799)	(4,232)
Profit before taxation	80,778	6,380
Taxation	(12,219)	(1,950)
Profit and total comprehensive income for the year, attributable to the owners of the Company	68,559	4,430

Assets and liabilities

	As at 30 June 2010	As at 31 December 2009
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Total assets	1,397,031	1,410,675
Total liabilities	(272,645)	(349,050)
Net assets	1,124,386	1,061,625

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Comtec Solar Systems Group Limited (the "**Company**"), I am pleased to report the unaudited interim results of the Group for the six months ended 30 June 2010 (the "**Period**"). During the Period, we achieved strong performance and robust growth in shipment volumes, revenues and profitability.

Here are some financial and business highlights for the Period:

- Revenue for the Period was RMB429.1 million, up 132.8% year-on-year from RMB184.3 million for the corresponding period in 2009;

- Gross profit for Period was RMB98.0 million, up 426.9% year-on-year from RMB18.6 million for the corresponding period in 2009;

- Gross profit margin for the Period was 22.8%, improved from 10.1% for the corresponding period in 2009;

- Net profit for the Period was RMB68.6 million, up approximately 14.5 times year-on-year from RMB4.4 million for the corresponding period in 2009;

- Net profit margin for the Period was 16.0%, improved from 2.4% for the corresponding period in 2009;

- Overall shipment volume (including sales and processing services) for the Period was 85.3MW, up 218.3% year-on-year from 26.8MW for the corresponding period in 2009;

- Sales of our 156 mm by 156 mm monocrystalline solar wafers for the Period represented 80.7% of total revenues, up from 34.3% for the corresponding period in 2009; and

- The annualized production capacity during the Period and as at the date of this interim report was 200MW.

We are pleased with the strong results in the first half of 2010 and in particular our achievement of the highest shipments in our Group's history during the Period. Our strong performance was attributable to Comtec's industry-leading brand recognition and cost advantages which best position us to capitalize on favorable industry demand. The strong feedback from customers also reflects Comtec's strong market position, technology, quality, and value proposition. Based on current customer indications, we expect the strong market environment to continue through the end of 2010.

We pioneered to launch the 156 mm by 156 mm monocrystalline wafers since early 2007. For the six months ended 30 June 2010, demand from our customers for our quality 156 mm by 156 mm wafers was strong. Sales of our 156 mm by 156 mm monocrystalline solar wafers for the Period represented 80.7% of our total revenues, up from 34.3% for the corresponding period in 2009. We also obtained pilot orders for our 210 mm by 210 mm solar wafers during the Period. In an increasingly competitive market of solar products, we strive to differentiate ourselves by staying committed to offering value-added products with premium quality to our customers.

By leveraging our leading wafer manufacturing platform, we have benefited from a cost-competitive strategy to increase profitability during the Period. Our gross profit for the Period was RMB98.0 million, up 426.9% year-on-year from RMB18.6 million for the corresponding period in 2009. Our gross margin for the Period also improved to over 22.8% from 10.1% in the corresponding period last year. Our net profit for the Period was RMB68.6 million, up approximately 14.5 times year-on-year from RMB4.4 million for the corresponding period in 2009. Our net profit margin for the Period expanded to over 16.0% from 2.4% in the corresponding period in 2009.

Owing to our continual effort to improve technology and manufacturing process as well as supply chain and logistics management initiatives, the Group has been successful in reducing its cost of production. Our origin as a manufacturer of semiconductor wafers and ingots since 1999 provides us with a strong technical background which we have been able to utilize to attain high quality standards in the production of monocrystalline solar wafers. It enables us to keep improving the cost effectiveness of our production. Through the Company's diversified range of short, medium, and long-term supply contracts, our silicon costs during the Period stayed competitive relative to the prevailing market spot price.

In response to strong market demand and customer requests on our premium products , which have high value-added features and are technically advanced, such as our 156 mm by 156 mm solar wafers, we are in the process of expanding our manufacturing capacity to support our customers' growth and their growing demand for our products. Regarding our expansion from 200MW to 600MW, we will commence installation of the relevant equipment in September 2010 and we expect to complete the ramp-up of our annualized production capacity to 600MW before the end of 2010. The expansion has experienced a delay from our original schedule primarily due to additional time required for construction of production facilities and the relevant infrastructure for the supply of electricity. We will further expand to 1,000 MW within 2011. We will update all shareholders when we have finalized all the details in relation to our expansion plan for 2011.

In addition to a generally favourable market environment during the Period, the expansion of production capacity, our ongoing efforts to reduce our manufacturing costs and increase our solar wafers' efficiencies and our concurrent expansion in research and development efforts fuel our optimism about our future. Looking ahead, we will continue to focus on improving our product quality and yield rates while reducing costs, securing long-term and strategic partnerships with leading solar cell enterprise customers and strengthening our risk control capabilities to further strengthen our competitive advantages. We 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 our Group in the fast growing and increasingly competitive market of solar products. With strong performance achieved in the Period and solid strategies in place, we look forward to driving continued healthy growth for 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, 16 August 2010

Business Review

We achieved the highest shipments in our Group's history during the Period. Overall shipment volume (including sales and processing services) for the six months ended 30 June 2010 was 85.3MW, up 218.3% year-on-year from 26.8MW for the corresponding period in 2009. The strong performance was attributable to Comtec's industry-leading brand recognition and cost advantages which best positioned us to capitalize on favorable industry demand. Our strong shipment volume during the Period as well as favourable feedback we received from our customers regarding our products were testimony to Comtec's strong market position, technology, quality, and value proposition. Based on current customer indications, we expect the strong market environment to continue through the end of 2010.

For the Period, demand from our customers for our quality 156 mm by 156 mm solar wafers was strong. Sales of our 156 mm by 156 mm monocrystalline solar wafers for the Period represented 80.7% of total revenues, up from 34.3% for the corresponding period in 2009. We also obtained pilot orders for our 210 mm by 210 mm wafers during the Period. In an increasingly competitive market or solar products, we strive to differentiate ourselves by staying committed to offering value-added products with premium quality to our customers.

Our top five customers in the Period represented 68.5% of our total revenues, comparing to 62.8% in the corresponding period last year. Our largest customer accounted for approximately 19.8% of our total revenues in the Period while it represented approximately 26.8% in the corresponding period last year. During the Period, our sales to PRC and Taiwan-based customers represented approximately 99.0% of our total revenue, comparing to 90.2% in the same period last year. We believe that the leading solar cell enterprises in PRC and Taiwan enjoy superior cost effectiveness compared to other market players, and thus it is our strategy to strengthen our business relationships with such leading solar cell companies with a view to create substantial value for the long-term development of the Group.

By leveraging our leading wafer manufacturing platform and a cost-competitive strategy, we have improved our profitability during the Period. Our gross profit for the Period was RMB98.0 million, up 426.9% year-on-year from RMB18.6 million for the corresponding period in 2009. The gross margin for the Period also improved to over 22.8% from 10.1% in the corresponding period last year. Our net profit for the Period was RMB68.6 million, up approximately 14.5 times year-on-year from RMB4.4 million for the corresponding period in 2009. The net margin for the Period expanded to over 16.0% from 2.4% in the same period last year.

Our origin as a manufacturer of semiconductor wafers and ingots since 1999 has provided us with a strong technical background, which we have been able to utilize to attain high quality standards in the production of monocrystalline solar wafers. It has enabled us to keep improving the cost effectiveness of our production. Besides, we are committed to keep reducing the cost of production with our persistent dedication to technology and manufacturing process improvements and through supply chain and logistics management initiatives. Through the Company's diversified range of short, medium, and long-term supply contracts, our silicon costs remained competitive during the Period relative to the prevailing market spot price. Our average unit cost for polysilicon decreased by 47.5% from RMB649.4 per kilogram for the six months ended 30 June 2009 to RMB340.7 per kilogram for the Period.

In response to strong market demand and customer requests for our premium products, which have high value-added features and are technically advanced, such as our 156 mm by 156 mm solar wafers we are in the process of expanding our manufacturing capacity to support our customers' growth and their growing demand for our products. Regarding our expansion from 200MW to 600MW, we will commence installation of the relevant equipment in September 2010 and we expect to complete the ramp-up of our annualized production capacity to 600MW before the end of this year. The expansion has experienced a delay from our original schedule primarily due to additional time required for construction of production facilities and the relevant infrastructure for the supply of electricity. We will further expand to 1,000 MW within 2011. We will update all shareholders when we have finalized all the details in relation to our expansion plan for 2011.

In addition to a generally favourable market environment, the expansion of production capacity, our ongoing efforts to reduce our manufacturing costs and increase our solar wafers' efficiencies and our concurrent expansion in research and development efforts have given us confidence about our future outlook. Looking ahead, we will continue to focus on improving our product quality and yield rates while reducing costs, securing long-term and strategic partnerships with leading solar cell enterprises and strengthening our risk control capabilities to further strengthen our competitive advantages. We 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 our Group in the fast growing and increasingly competitive market of solar products. With strong performance achieved for the Period and solid strategies in place, we look forward to driving continued healthy growth for the Group in the future.

Financial Review

REVENUE

Revenue increased by RMB244.8 million, or 132.8%, from RMB184.3 million for the corresponding period in 2009 to RMB429.1 million for the Period, primarily as a result of an increase in our sales volume, partially offset by a decrease in the average selling price of our solar products. The increase in our sales volume was generally due to the expansion of our annualized production capacity from 55 MW in the corresponding period in 2009 to 200 MW in the Period and the increase in customer demand for our monocrystalline solar products. The shipment volume (including both sales and processing services) of our solar products increased by 218.3% from 26.8 MW for the corresponding period in 2009 to 85.3 MW for the Period.

For the Period, sales of our 156 mm by 156 mm monocrystalline solar wafers comprised 80.7% of total revenues and sales of our 125 mm by 125 mm monocrystalline solar wafers comprised 19.1% of total revenues. In aggregate, solar wafer sales comprised 99.8% of our total sales, as compared to 82.0% for the corresponding period in 2009.

Sales of 156 mm by 156 mm monocrystalline solar wafers

Revenue from sales of 156 mm by 156 mm monocrystalline solar wafers increased by RMB282.7 million, or 445.9%, from RMB63.4 million for the corresponding period in 2009 to RMB346.1 million for the Period, primarily as a result of an increase of sales volume by 526.5% from 9.8MW for the corresponding period in 2009 to 61.4MW for the Period, partially offset by a decrease in our average unit price for this product by 13.8% from RMB6.5 per watt for the corresponding period in 2009 to RMB5.6 per watt for the Period.

Sales of 125 mm by 125 mm monocrystalline solar wafers

Revenue from sales of 125 mm by 125 mm monocrystalline solar wafers decreased by RMB6.0 million, or 6.8%, from RMB87.8 million for the six months ended 30 June 2009 to RMB81.8 million for the Period, primarily as a result of a decrease in our average unit price for this product by 22.1% from RMB6.8 per watt for the six months ended 30 June 2009 to RMB5.3 per watt for the Period, partially offset by an increase in our sales volume by 18.5% from 13.0 MW for the six months ended 30 June 2009 to 15.4 MW for the Period.

Sales of solar ingots and semiconductor products and other revenues

There was no revenue from sales of Ingots or sales of semiconductor products for the Period. Our other revenues was RMB1.2 million for the Period decreased from RMB5.7 million for the corresponding period in 2009. It is our strategy to focus on sales of solar wafers and thus we internally consumed the solar ingots for production of wafers and temporarily suspend the production of semiconductor products during the Period.

In terms of the geographic markets from which our revenue was generated, approximately 99.0% of total revenue for the Period was generated from sales to our PRC and Taiwan-based customers (2009: 90.2%). Remaining portion was generated from sales to our oversea customers, who are mainly based in Germany.

Cost of sales

Cost of sales increased by RMB165.3 million, or 99.8%, from RMB165.7 million for the six months ended 30 June 2009 to RMB331.0 million for the Period, primarily as a result of an increase in sales volume, partially offset by a decrease in the prices of polysilicon and the improvement in our production efficiency during the Period. The average prices of polysilicon we purchased during the Period was RMB340.7 per kilogram, decreased 47.5% from the average prices of RMB649.4 per kilogram for the corresponding period in 2009.

Gross profit

Gross profit increased by RMB79.4 million, or 426.9%, from RMB18.6 million for the six months ended 30 June 2009 to RMB98.0 million for the Period, primarily as a result of the foregoing.

Other income

Other income increased by RMB3.8 million, or 92.7%, from RMB4.1 million for the six months ended 30 June 2009 to RMB7.9 million for the Period, primarily due to government subsidies received during the Period.

Other expenses

Other expenses increased by RMB0.2 million, or 13.3%, from RMB1.5 million for the six months ended 30 June 2009 to RMB1.7 million for the Period, which was primarily due to the increase in the share-based payments expense but partially offset by the decrease in legal and professional fees which was incurred in relation to the Global Offering for the six months ended 30 June 2009.

Distribution and selling expenses

Distribution and selling expenses decreased by RMB0.4 million, or 33.3% from RMB1.2 million for the six months ended 30 June 2009 to RMB0.8 million for the Period, primarily due to a strong demand for our products and favorable market environment during the period which enable us to reduce the sales and marketing expenses.

Administrative and general expenses

Administrative and general expenses increased by RMB9.4 million, or 100%, from RMB9.4 million for the six months ended 30 June 2009 to RMB18.8 million for the Period, primarily as a result of the significant growth in the scale of our operations during the Period.

Interest expenses

Interest expenses in relation to bank loans decreased by RMB0.4 million, or 9.5%, from RMB4.2 million for the six months ended 30 June 2009 to RMB3.8 million for the Period, primarily as a result of a decrease in the principal amount of our outstanding bank loans.

Profit before taxation

Profit before taxation increased by RMB74.4 million, or 11.6 times, from RMB6.4 million for the six months ended 30 June 2009 to RMB80.8 million for the Period, as a result of the foregoing.

Taxation

Taxation increased from RMB2.0 million for the six months ended 30 June 2009 to RMB12.2 million for the Period, primarily as a result of the increase in our profit before taxation. Our effective tax rate was 15.1% for the Period, decreased from 30.6% for the six months ended 30 June 2009. Higher effective tax rate for the six months ended 30 June 2009 was primarily due to a lower profit before taxation of Comtec Solar (Shanghai), which accounted for most of our profit before taxation and the increase in general and administrative expenses and the expenses incurred in relation to the Global Offering by the Company, which were not deductible against the profit before taxation of Comtec Solar (Shanghai). The Global Offering took place in 2009 and hence no expense in relation to the Global Offering had been incurred in 2010. As a result, our effective tax rate for the Period was lower as compared to that of the six months ended 30 June 2009.

Profit for the period

Net profit increased by RMB64.2 million, or 14.5 times, from RMB4.4 million for the six months ended 30 June 2009 to RMB68.6 million for the Period, as a result of the foregoing. Net profit margin increased from 2.4% for the six months ended 30 June 2009 to 16.0% for the Period.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: nil).

INVENTORY TURNOVER DAYS

The inventories of the Group mainly comprised raw materials (namely polysilicon, crucibles and other auxiliary materials), work-in-progress and finished goods. The inventory turnover days as at 30 June 2010 was 59 days (31 December 2009: 88 days). Unless attractive offers from our suppliers are available and we take advantage of such offers by stocking up our inventories, we target to maintain an inventory level that is approximately one to two months of our sales volume to meet the Group's production requirements.

TRADE RECEIVABLE TURNOVER DAYS

The trade receivable turnover days as at 30 June 2010 was 68 days (31 December 2009: 88 days). The decrease in turnover days was mainly due to the improvement of payment terms under the strong market environment and our receivable turnover days was within the credit periods of the Group grants to its customers. The Group normally grants a credit period of 7 to 180 days to its customers.

TRADE PAYABLE TURNOVER DAYS

The trade payable turnover days as at 30 June 2010 was 34 days (31 December 2009: 62 days). The decrease in turnover days was mainly due to the change of payment terms under the strong market environment.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal sources of working capital included cash flow from operating activities, bank and other borrowings and the proceeds from the Global Offering. As at 30 June 2010, the Group's current ratio (current assets divided by current liabilities) was 2.4 (31 December 2009: 2.2) and it was in a net cash position. The Group's financial position remains healthy. As at 30 June 2010, the Group was in a net cash position of RMB172.6 (31 December 2009: net cash of RMB253.2) which included cash and cash equivalent of RMB272.1 million (31 December 2009: RMB399.2 million) and short-term bank loans of RMB99.5 million (31 December 2009: RMB146.0 million). The Group's net debt to equity ratio (net debt divided by shareholders' equity) changed from -23.9% as at 31 December 2009 to -15.3% as at 30 June 2010, the minus signs represented the net cash position as at 30 June 2010.

CONTINGENT LIABILITIES

At 30 June 2010, there was no material contingent liability.

CHARGES ON GROUP ASSETS

During the Period, the Group entered into arrangement with one established commercial bank in the PRC that the Group borrowed six months United States dollars ("USD") loans from this bank for settlement of its payables denominated in USD. At the same time, the Group (a) placed six months fixed deposits (amounted to the RMB equivalent of the respective amounts of USD loans plus interest at a rate of 1.07% to 1.25% per annum thereon) to the same bank as security against the USD loans, and (b) entered into forward contract with the bank to purchase USD (amounted to the USD loan plus interests thereon) by RMB at predetermined forward rates. As at 30 June 2010, fixed deposits denominated in Renminbi ("RMB") of approximately RMB9,518,000 and the USD loan of approximately RMB9,473,000 are included in pledged bank deposits and bank borrowings, respectively.

As at 30 June 2010, except for the restricted cash of approximately RMB9,518,000, the Group pledged its buildings having net book values of approximately RMB30,000,000 (31 December 2009: buildings having net book values of approximately RMB79,691,000 and construction in progress having net book values of approximately RMB10,804,000) to a bank to secure banking facilities granted to the Group.

Save as disclosed above, at 30 June 2010, no Group asset was under charge to any financial institution.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANY

The Group had no material acquisition or disposal of any subsidiaries and associated companies during the Period.

Use of Proceeds

The shares of the Company were listed on the main board of the Hong Kong Stock Exchange on 30 October 2009 with net proceeds from the global offering of the Company of approximately HK$526.3 million (after deducting underwriting commissions and related expenses).

The use of the net proceeds from the global offering as at 30 June 2010 was as follows:

Use	Percentage of net proceeds	Amount of net proceeds *(in HK$ million)*	Amount utilised *(in HK$ million)*	Amount remaining *(in HK$ million)*
Expansion of production capacity	50%	263.2	122.3	140.9
Purchase or prepay for polysilicon feedstock	40%	210.5	210.5	—
Research and development	5%	26.3	5.4	20.9
Working capital	5%	26.3	26.3	—
	100%	526.3	364.5	161.8

The Directors intend to apply the remaining net proceeds in the manner set out in the prospectus of the Company dated 19 October 2009.

HUMAN RESOURCES

As at 30 June 2010, the Group had 767 employees (30 June 2009: 496). 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.

Corporate Governance and Other Information

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions contained in the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The Company has complied with such code provisions throughout the six months ended 30 June 2010 except for the deviation from code provision A.2.1 as disclosed below.

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.

Pursuant to Rule 13.51B(1) of the Listing Rules, the Company advises that Mr. John Zhang, the chairman and an executive Director of the Company, has been appointed as a director of 卡姆丹克太陽能（江蘇）有限公司 (Comtec Solar (Jiangsu) Company Limited*) and 卡姆丹克新能源科技（上海）有限公司 (Comtec New Energy (Shanghai) Limited*), two indirect subsidiaries of our Company. Further, Mr. Leung Ming Shu, our independent non-executive Director, has advanced from an associate member to a fellow member of HKICPA. Mr. Kang Sun, our independent non-executive director, has been appointed as a director at DayStar technologies Inc. (ticker symbol: DSTI), a company listed on the NASDAQ. Mr. Sun has also been appointed as the CEO of Amprius, Inc.

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

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

PURCHASE, SALE OR 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 for the Period.

DISCLOSURE OF INTERESTS

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

As at 30 June 2010, the Directors and the chief executive of the Company and their respective associates had the following interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Hong Kong Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

Long Positions in the Company

Name of Director	Nature of interest	Number of shares interested	Approximate percentage of interest in the issued share capital of the Company
Mr. John Zhang[1]	Beneficial owner, interest in a controlled corporation, interest of spouse and interest of children under 18	663,867,550	64.34%
Mr. Chau Kwok Keung	Beneficial owner	9,676,139	0.94%
Mr. Shi Cheng Qi[2]	Beneficial owner	600,000	0.06%
Mr. Kang Sun[3]	Beneficial owner	249,574	0.02%
Mr. Daniel DeWitt Martin[4]	Beneficial owner	199,659	0.02%
Mr. Leung Ming Shu[5]	Beneficial owner	124,787	0.01%

Notes:

(1) Mr. Zhang legally owns the entire issued share capital of Fonty, which beneficially owns 564,037,844 Shares. Mr. Zhang is therefore deemed to be interested in all the Shares held by Fonty. Mr. Zhang is also deemed to be interested in 99,829,706 Shares for the purposes of the SFO, which are beneficially owned by Mr. Zhang, Mr. Zhang's spouse and child under the age of 18, as beneficiaries of JZ GRAT of 2009, an irrevocable grantor retained annuity trust set up by Mr. Zhang for the benefit of himself and his family members and of which J.P. Morgan Trust Company Delaware is the trustee.

(2) The 600,000 Shares in which Mr. Shi Cheng Qi is deemed to be interested represent 600,00 Shares which may be issued to him upon the exercise of the Share Options (as defined below) granted to him on 24 May 2010.

(3) The 249,574 Shares in which Mr. Kang Sun is deemed to be interested represent 249,574 Shares which may be issued to him upon the exercise of the Pre-IPO Share Options (as defined below) granted to him on 3 August 2009 and 2 October 2009.

(4) The 199,659 Shares in which Mr. Daniel DeWitt Martin is deemed to be interested represent 199,659 Shares which may be issued to him upon the exercise of the Pre-IPO Share Options (as defined below) granted to him on 3 August 2009 and 2 October 2009.

(5) The 124,787 Shares in which Mr. Leung Ming Shu is deemed to be interested represent 124,787 Shares which may be issued to him upon the exercise of the Pre-IPO Share Options (as defined below) granted to him on 3 August 2009 and 2 October 2009.

Save as disclosed above, as at 30 June 2010, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to any Director or chief executive of the Company, as at 30 June 2010, the persons or corporations (other than Director or chief executive of the Company) who had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholders	Nature of Interest	Number of shares interested	Approximate percentage of interest in the issued share capital of the Company
Mr. John Zhang[1]	Beneficial owner, interest in a controlled corporation, interest of spouse and interest of children under 18	663,867,550	64.34%
Fonty Holdings Limited	Beneficial owner	564,037,844	54.67%
J.P. Morgan Trust Company of Delaware[2]	Trustee of a trust	99,829,706	9.68%

Name of Shareholders	Nature of Interest	Number of shares interested	Approximate percentage of interest in the issued share capital of the Company
Ms. Carrie Wang[3]	Beneficiary of a trust	99,829,706	9.68%
Mr. Alan Zhang[3]	Beneficiary of a trust	99,829,706	9.68%
China Merchants Securities Company Limited[4]	Interest in a controlled corporation	70,603,203	6.84%
China Merchants Securities International Company Limited[4]	Interest in a controlled corporation	70,603,203	6.84%
China Merchants Securities Investment Management (HK) Co., Limited[4]	Interest in a controlled corporation	70,489,203	6.83%
CMS Nominees (BVI) Limited[4]	Interest in a controlled corporation	70,489,203	6.83%
CMS Capital (HK) Co., Limited[4]	Interest in a controlled corporation	61,893,203	6.00%
CMTF Private Equity One[4]	Beneficial owner	61,893,203	6.00%

Notes:

(1) Mr. Zhang legally owns the entire issued share capital of Fonty, which beneficially owns 564,037,844 Shares. Mr. Zhang is therefore deemed to be interested in all the Shares held by Fonty. Mr. Zhang is also deemed to be interested in 99,829,706 Shares for the purposes of the SFO, which are beneficially owned by Mr. Zhang, Mr. Zhang's spouse and child under the age of 18, as beneficiaries of JZ GRAT of 2009, an irrevocable grantor retained annuity trust set up by Mr. Zhang for the benefit of himself and his family members and of which J.P. Morgan Trust Company of Delaware is the trustee.

(2) J.P. Morgan Trust Company of Delaware is the legal owners of 99,829,706 Shares as trustee for JZ GRAT of 2009.

(3) Ms. Carrie Wang is the spouse of Mr. John Zhang and Mr. Alan Zhang is a child of Mr. John Zhang under the age of 18. Each of Ms. Carrie Wang and Mr. Alan Zhang is a beneficiary of JZ GRAT of 2009 and is deemed to be interested in the 99,829,706 Shares held by J.P. Morgan Trust Company of Delaware as trustee for JZ GRAT of 2009.

(4) Each of China Merchants Securities Company Limited, China Merchants Securities International Company Limited, China Merchants Securities Investment Management (HK) Co., Limited, CMS Nominees (BVI) Limited and CMS Capital (HK) Co., Limited is interested in the 61,893,203 Shares beneficially held by CMTF Private Equity One, a company controlled by each of them.

Save as disclosed above, as at 30 June 2010, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

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

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

There was no exercise of any Pre-IPO Share Options granted for the six months ended 30 June 2010.

Share Option Scheme

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

The maximum number of Share which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issued as at the Listing Date, that is, 100,000,000 Shares. No option may be granted to any participant of the Share Option Scheme such that the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time.

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

(a) the nominal value of a Share;

(b) the closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotations sheets on the offer date; and

(c) the average closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date.

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

Details of the share options (the "**Share Options**") granted under the Share Option Scheme as at 30 June 2010 are as follows:

Category of participants	Date of Grant[(3)]	Exercise price per Share	Exercise period[(1)]	Balance as at 1 January 2010	Granted during the six months ended 30 June 2010	Balance as at 30 June 2010[(2)]
Director						
Mr. Shi Cheng Qi	24 May 2010	HK$1.49	See note 1.	—	600,000	600,000
Other Employees	24 May 2010	HK$1.49	See note 1.	—	4,580,000	4,580,000
Total				—	5,180,000	5,180,000

Notes:

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

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

(2) During the Period, no Share Option was exercised or cancelled or lapsed.

(3) The closing prices per Share immediately before 24 May 2010 (the date on which the options were granted) was HK$1.37.

Further details of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in note 17 to the financial statements.

Report on Review of Interim Financial Information

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF COMTEC SOLAR SYSTEMS GROUP LIMITED

INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 41, which comprises the condensed consolidated statement of financial position of Comtec Solar Systems Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2010 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard ("IAS") 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
16 August 2010

Condensed Consolidated Statement of Comprehensive Income

for the six monthes ended 30 June 2010

	NOTES	Six months ended 30 June 2010 RMB'000 (Unaudited)	2009 RMB'000 (Audited)
Revenue		429,062	184,253
Cost of sales		(331,048)	(165,653)
Gross profit		98,014	18,600
Other income	5	7,894	4,052
Distribution and selling expenses		(791)	(1,155)
Administrative and general expenses		(18,806)	(9,417)
Other expenses	6	(1,734)	(1,468)
Interest expenses in relation to bank loans wholly repayable within five years		(3,799)	(4,232)
Profit before taxation	7	80,778	6,380
Taxation	8	(12,219)	(1,950)
Profit and total comprehensive income for the period, attributable to the owners of the Company		68,559	4,430
		RMB cents	RMB cent
Earnings per share			
– Basic	10	6.65	0.62
– Diluted	10	6.65	N/A

Condensed Consolidated Statement of Financial Position

at 30 Jnne 2010

	NOTES	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	435,680	427,582
Prepaid lease payments -non-current		15,047	15,209
Deposits paid for acquisition of property, plant and equipment	11	116,272	39,672
Advance to suppliers	12	170,869	183,810
Deferred tax assets		1,346	1,451
		739,214	667,724
Current assets			
Inventories		107,501	108,354
Trade and other receivables	13	121,863	166,128
Bills receivable	13	67,379	32,006
Advance to suppliers	12	88,660	36,903
Prepaid lease payments -current		322	322
Bank balances and cash		262,574	399,238
Pledged bank deposits	14	9,518	—
		657,817	742,951
Current liabilities			
Trade and other payables	15	159,177	198,537
Customers' deposits received		877	25
Taxation payable		9,138	714
Short-term bank loans	16	99,473	146,000
		268,665	345,276
Net current assets		389,152	397,675
Total assets less current liabilities		1,128,366	1,065,399
Capital and reserves			
Share capital		910	910
Reserves		1,123,476	1,060,715
Total equity		1,124,386	1,061,625
Non-current liabilities			
Deferred tax liabilities		3,980	3,774
		1,128,366	1,065,399

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2010

	Share capital	Preferred share capital	Share premium	Share options reserve	Restricted shares reserve	Special reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
						(note a)	*(note b)*		
At 1 January 2009 (Audited)	239	11	305,097	—	(9,575)	11,012	23,022	230,111	559,917
Profit and total comprehensive income for the period	—	—	—	—	—	—	—	4,430	4,430
Issue for new shares of the Company	—	11	(11)	—	—	—	—	—	—
Transfer	—	—	—	—	—	—	25,703	(25,703)	—
At 30 June 2009 (Audited)	239	22	305,086	—	(9,575)	11,012	48,725	208,838	564,347
At 1 January 2010 (Audited)	910	—	809,519	68	(37,958)	11,012	48,725	229,349	1,061,625
Profit and total comprehensive income for the period	—	—	—	—	—	—	—	68,559	68,559
Recognition of equity-settled share-based payments	—	—	—	1,734	—	—	—	—	1,734
Dividend paid	—	—	—	—	—	—	—	(7,532)	(7,532)
At 30 June 2010 (Unaudited)	910	—	809,519	1,802	(37,958)	11,012	48,725	290,376	1,124,386

Notes:

(a) This reserve arises on a group reorganisation which took place in the year ended 31 December 2007. The difference between the nominal value of the shares acquired and the acquisition consideration is treated as special reserve arising on group reorganisation and recorded in special reserve.

(b) Statutory surplus reserve

In accordance with relevant laws and regulations for foreign investment enterprises in the People's Republic of China (the "PRC"), the PRC subsidiaries are required to transfer 10% of their profit after taxation reported in their statutory financial statements prepared under the PRC GAAP to the statutory surplus reserve. Allocation shall be approved by the shareholders. The appropriateion to statutory surplus reserve may cease if the balance of the statutory surplus reserve has reached 50% of the PRC subsidiaries' registered capital.

The PRC subsidiaries may, upon the approval by a resolution, convert their surplus reserves into capital in proportion to their then existing shareholdings. However, when converting the PRC subsidiaries' statutory surplus reserve fund into capital, the balance of such reserve remaining unconverted must not be less than 25% of the registered capital.

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Operating activities		
Profit before taxation	80,778	6,380
Adjustments for:		
Interest income	(264)	(891)
Interest expense	3,799	4,232
Depreciation of property, plant and equipment	18,982	10,878
Gain on disposal of property, plant and equipment	(3)	—
Share-based payment expenses	1,734	—
Release of prepaid lease payments	162	161
Operating cash flows before movements in working capital	105,188	20,760
Decrease (increase) in inventories	853	(30,701)
Decrease in trade and other receivables	44,265	37,720
Increase in bills receivable	(35,373)	(35,604)
(Increase) decrease in advance to suppliers	(38,816)	13,747
(Decrease) increase in trade and other payables	(17,711)	981
Increase in customers' deposits receivables	852	5
Cash from operations	59,258	6,908
Tax paid	(3,484)	—
Tax refunded	—	6,168
Net cash from operating activities	55,774	13,076
Investing activities		
Interest received	264	891
Proceeds from disposals of property, plant and equipment	21	—
Increase in pledged bank deposits	(9,518)	—
Deposits paid and purchase of property, plant and equipment	(125,347)	(43,522)
Advance to a shareholder	—	(9,727)
Net cash used in investing activities	(134,580)	(52,358)

Condensed Consolidated Statement of Cash Flows - Continued

for the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Financing activities		
Bank loans raised	89,473	143,500
Interest paid	(3,799)	(4,232)
Dividends paid	(7,532)	—
Repayment of bank loans	(136,000)	(120,000)
Net cash (used in) from financing activities	(57,858)	19,268
Decrease in cash and cash equivalents	(136,664)	(20,014)
Cash and cash equivalents at beginning of the period	399,238	165,091
Cash and cash equivalents at end of the period, represented by bank balances and cash	262,574	145,077

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 on 30 October 2009. Its parent company and ultimate holding company is Fonty Holdings Limited 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 manufacturing and sales of solar wafers, semiconductors 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 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, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except as disclosed below

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised IFRSs").

IFRSs (Amendments)	Amendment to IFRS 5 as part of Improvements to IFRSs 2008
IFRSs (Amendments)	Improvements to IFRSs 2009
IAS 27 (Revised)	Consolidated and Separate Financial Statements
IAS 39 (Amendment)	Eligible Hedged Items
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
IFRS 3 (Revised)	Business Combinations
I(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners

The Group applies IFRS 3 (Revised) "*Business Combinations*" prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in IAS 27 (Revised) "*Consolidated and Separate Financial Statements*" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

As there was no transaction during the current interim period in which IFRS 3 (Revised) and IAS 27 (Revised) are applicable, the application of IFRS 3 (Revised), IAS 27 (Revised) and the consequential amendments to other IFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which IFRS 3 (Revised), IAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of other new and revised IFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued by not yet effective:

IFRSs (Amendments)	mprovements to IFRSs 2010[1]
IAS 24 (Revised)	Related Party Disclosures[4]
IAS 32 (Amendment)	Classificiation of Rights Issues[2]
IFRS 1 (Amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters[3]
IFRS 9	Financial Instruments[5]
I (IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
I (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

2 Effective for annual periods beginning on or after 1 February 2010.

3 Effective for annual periods beginning on or after 1 July 2010.

4 Effective for annual periods beginning on or after 1 January 2011.

5 Effective for annual periods beginning on or after 1 January 2013.

IFRS 9 "*Financial Instruments*" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of IAS 39 "*Financial Instruments: Recognition and Measurement*" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of IFRS 9 might affect the classification and measurement of the Company's financial assets.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. SEGMENT INFORMATION

The Group is currently operating in two major units, namely manufacturing and sales of solar wafers and related products and manufacturing and sales of semiconductors. Mr. Zhang, the chief operating decision maker of the Group, regularly reviews revenue analysis by major products and the profit 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.

5. OTHER INCOME

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Government grant	5,007	—
Interest income	264	891
Processing service fees (note)	2,494	3,032
Gain on disposal of property, plant and equipment	3	—
Others	126	129
	7,894	4,052

Note: Revenue from processing service represents amounts received and receivable for wafer processing services provided to outside customers.

6. OTHER EXPENSES

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Share-based payments expense	1,734	—
Legal and professional fees (note)	—	1,468
	1,734	1,468

Note: The amount mainly represented the legal and professional expenses incurred for the listing of the shares of the Company on the Main Board of the Stock Exchange (the "IPO").

7. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Profit before taxation has been arrived at after charging:		
Cost of inventories recognised as expense	331,048	165,653
Depreciation of property, plant and equipment	18,982	10,878
Foreign exchange losses -net	5,133	1,987
Release of prepaid lease payments	162	161
Research and development expenses	4,092	1,683
Operating lease rentals in respect of rented premises	481	440

8. TAXATION

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
PRC Enterprise Income Tax		
– Current period	11,908	—
Deferred taxation	311	1,950
	12,219	1,950

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 15% for the six months ended 30 June 2010 (2009: 15%) as certain of the Group's subsidiaries operating in the PRC are eligible for certain tax holidays and concessions for both periods and withholding tax has been provided for based on the anticipated dividends to be distributed by the PRC entities to non-PRC residents.

9. DIVIDENDS

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Dividends recognised as distribution during the period:		
Final, paid RMB0.73 cent per ordinary share for 2009 (2008: nil)	7,532	—

The directors of the Company do not recommend the payment of an interim dividend.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the period is based on the following data.

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Profits		
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	68,559	4,430
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share (note)	1,031,738,000	711,668,277

The outstanding share options of the Company do not have a dilutive effect to the Company's earnings per share during the six months ended 30 June 2010 because the exercise prices of the Company's share options were higher than the average market prices of the Company's share during the period.

No diluted earinings per share for the six months ended 30 June 2009 was presented as there were no potential ordinary shares outstanding.

10. EARNINGS PER SHARE *(continued)*

In calculating the weighted average number of ordinary shares for the purpose of calculating basic earnings per share, for the six months ended 30 June 2009:

— the shares that were issued on 30 October 2009 pursuant to capitalisation issue of shares are treated as if they had been in issue throughout the six months ended 30 June 2009; and

— preference shares outstanding at 30 June 2009 which shared similar characteristics of the ordinary shares, except for the liquidation preference and mandatorily convertible feature automatically upon the IPO, were considered as ordinary shares for the purpose of calculation of basic earnings per share.

11. DEPOSITS PAID AND PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB125,347,000 (2009: RMB43,522,000) on deposits paid and purchase of property, plant and equipment.

12. ADVANCE TO SUPPLIERS

From time to time, the Group makes advance payments to raw material suppliers prior to delivery of raw materials by these suppliers. Except for the two purchase agreements with major suppliers detailed below, the advance payments are for purchases in the next twelve months from the end of each reporting period and are therefore classified as current assets.

In November 2006 and April 2008, the Group entered into purchase agreements with two major suppliers, who are independent parties not connected or related to the Group, whereby the Group is committed to purchase a minimum quantity of raw materials (to be used in the manufacture of its products) each year during the period from 1 January 2008 to 31 December 2015 and from 1 January 2008 to 31 December 2015 (the "Supply Period"), respectively, at pre-determined prices. According to the terms of the agreements, the Group made advances of an aggregate amount of approximately USD500,000 (2009: USD500,000) (which was equivalent to approximately RMB3,414,000 (2009: equivalent to approximately RMB3,414,000)) to these suppliers during the six months ended 30 June 2010. At 30 June 2010 and 31 December 2009, the Group had outstanding advance payments of approximately the aggregate amount of Euro12,499,000 and USD20,754,000 (which was equivalent to an aggregate amount of approximately RMB252,822,000) and the aggregate amount of Euro7,535,000 and USD18,380,000 (which was equivalent to an aggregate amount of approximately RMB202,743,000) with these suppliers, respectively. The advances are unsecured, interest-free and will be offset with part of the invoiced amounts in accordance with terms of agreements on an annual basis before expiry of the related agreements in 2015.

Pursuant to the terms of the agreements, during each year of the Supply period, the amount of advances made in respect of the agreed contract quantity in that particular year, which is around 20% to 26% of the annual purchases to be made by the Group from these suppliers, would be utilised to reduce the invoice amount of purchases up to those annual agreed quantities. The total minimum amount of raw materials to be purchased by the Group from the two major suppliers during the Supply Period is approximately RMB1,475,491,000.

12. ADVANCE TO SUPPLIERS *(continued)*

For the arrangement with one of the major suppliers, if the minimum purchase requirement is not met in a particular year, advances amounting to 20% to 26% of that minimum purchase commitment would be forfeited. Pursuant to terms of this purchase agreement, the Group granted to this supplier a continuing security interest in the raw materials supplied by such supplier and the proceeds of sale or insurance of such raw materials with the entire purchase of such raw materials and if applicable, all late payments, interest and expenses necessary to enforce such security interest. The supplier has the right to take all necessary measures to create, perfect, preserve and enforce the security interest. At 30 June 2010 and 31 December 2009, the Group did not have any outstanding trade payable with this supplier.

For the arrangement with the other major supplier, the Group is obliged to purchase at least the minimum amount as set out in the agreement. If the Group fails to accept deliveries for a certain number of times in any calendar year, the Group's payment obligations for the minimum purchase commitment may be accelerated in that particular year and the Group will be liable to pay to the supplier the difference between the actual purchase and the minimum purchase commitment in that year.

These purchase agreements do not expressly stipulate that the Group will be subject to any other liabilities should the Group fails to meet the minimum purchase commitment.

During the year ended 31 December 2009, the Group entered into supplementary agreements with one of the major suppliers to revise the purchase prices and quantities of raw material to be delivered during each year of the Supply Period, while the total minimum purchase commitment throughout the contractual period remained unchanged.

The Group's minimum annual purchase commitment during the remaining Supply Period, taking into account the amended terms of the supplementary agreement, is as follows:

Year ending 31 December	Amount equivalent to RMB'000
2010	RMB47,871
2011	RMB254,710
2012	RMB275,140
2013	RMB266,457
2014	RMB259,945
2015	RMB276,183
	RMB1,380,306

12. ADVANCE TO SUPPLIERS *(continued)*

Total future minimum purchases remaining under the agreements, net of advance made to these suppliers at the reporting date, amounted to approximately RMB1,184,938,000 and RMB1,236,169,000 at 30 June 2010 and 31 December 2009, respectively.

At the end of each reporting period, the directors of the Company estimate the amount of advances that is expected to be settled by the offset of the purchases of the agreed contract quantity in the next twelve months and classify it as current asset at the end of each reporting period. The remaining balance is classified as non-current asset in the condensed consolidated statement of financial position.

13. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLE

	30 June 2010 *RMB'000* *(Unaudited)*	31 December 2009 *RMB'000* *(Audited)*
Trade receivables	93,739	121,601
Utility deposits	230	656
Value-added-tax recoverable	21,052	39,162
Other receivables and prepayments	6,842	4,709
	121,863	166,128
Bills receivable	67,379	32,006

The Group requested prepayment from customers before delivery of goods and allows a credit period of 7 to 180 days on case-by-case basis. The following is an analysis of trade receivables by age, presented based on the invoice date.

	30 June 2010 *RMB'000* *(Unaudited)*	31 December 2009 *RMB'000* *(Audited)*
Age		
0 to 30 days	64,521	79,525
31 to 60 days	25,719	21,595
61 to 90 days	747	9,783
91 to 180 days	1	8,043
Over 180 days	2,751	2,655
	93,739	121,601

The following is an analysis of bills receivable by age, presented based on the invoice date.

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

	30 June 2010	31 December 2009
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Age		
0 to 30 days	11,783	—
31 to 60 days	9,600	6,893
61 to 90 days	29,680	—
91 to 180 days	14,040	25,113
Over 180 days	2,276	—
	67,379	32,006

14. PLEDGED BANK DEPOSITS

During the period ended 30 June 2010, the Group entered into an arrangement with one established commercial bank in the PRC that the Group borrowed six months United States dollars ("USD") loans from this bank for settlement of its payables denominated in USD. At the same time, the Group (a) placed six months fixed deposits (amounted to the RMB equivalent of the respective amounts of USD loans plus a fixed interest at a rate of 1.07% to 1.25% per annum thereon) to the same bank as security against the USD loans, and (b) entered into forward contract with the bank to purchase USD (amounted to the USD loan plus interests thereon) by RMB at predetermined forward rates.

As at 30 June 2010, fixed deposits denominated in Renminbi ("RMB") of approximately RMB9,518,000 and the USD loan of approximately RMB9,473,000 are included in pledged bank deposits and bank borrowings, respectively.

The related interest income on the fixed deposits of approximately RMB20,000 and exchange loss on USD loan of RMB approximately RMB69,000 are included in the condensed consolidated statement of comprehensive income, while the interest expenses on USD loans of approximately RMB11,000 are included in finance cost.

Major terms of foreign currency forward contract as at 30 June 2010 are as follows:

Aggregate principal amount	Maturity	Forward exchange rate
USD1,000,000	In November 2010	Buy USD/Sell RMB at 6.8397
USD395,000	In December 2010	Buy USD/Sell RMB at 6.8410

In the opinion of the directors of the Company, the fair values of the Group's foreign currency forward contracts do not have material impacts on the results and financial position of the Group.

15. TRADE AND OTHER PAYABLES

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Trade payables	61,891	76,680
Value-added tax payables	344	792
Payables for acquisition of property, plant and equipment	82,611	104,260
Other payables and accrued charges	14,331	16,805
	159,177	198,537

The following is an analysis of trade payables by age, presented based on the invoice date.

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
0 to 30 days	22,113	50,598
31 to 60 days	20,129	18,318
61 to 90 days	14,567	2,067
91 to 180 days	1,613	3,547
Over 180 days	3,469	2,150
	61,891	76,680

16. SHORT-TERM BANK LOANS

During the current period, the Group obtained new bank loans amounting to RMB89,473,000 (2009: 143,500,000). The loans carry interest at variable market rates ranging from 1.07% to 4.94% per annum and are repayable in one year. The proceeds were used to finance the acquisition of property, plant and equipment.

17. SHARE-BASED COMPENSATION

(a) Share options to employees and others

Pre-IPO Share Option Scheme

Set out below are details of movements of the outstanding options granted under the Pre-IPO share Option Scheme during the period:

	Number of options				
	Outstanding as at 1 January 2010	Exercised during the period	Forfeited during the period	Lapsed in the period	Outstanding as at 30 June 2010
Directors:					
Mr. Leung Ming Shu	125,000	—	—	—	125,000
Mr. Daniel Dewitt Martin	200,000	—	—	—	200,000
Mr. Kang Sun	249,020	—	—	—	249,020
	574,020	—	—	—	574,020

At 30 June 2010, the number of shares in respect of which options under the Pre-IPO Share Option Scheme remained outstanding was 574,020 (31 December 2009: 574,020), representing 0.06% (31 December 2009: 0.06%) of the shares of the Company in issue at that date.

The Group recognised the total expense of approximately RMB38,000 for the six months ended 30 June 2010 in relation to share options granted by the Company on 3 August 2009.

17. SHARE-BASED COMPENSATION *(continued)*

(a) Share options to employees and others *(continued)*

Share Option Scheme

Pursuant to a board resolution dated 24 May 2010, the Company granted 5,180,000, representing 0.50% of the shares of the Company in issue at that date, share options to certain employees of the Company under the Share Option Scheme. Set out below are details of the outstanding options granted under the Share Option Scheme on24 May 2010:

(1) All options granted on 24 May 2010 are at an exercise price of HK$ 1.49 per share.

(2) All holders of options granted on 24 May 2010 may only exercise their options in the following manner:

(i) half of the share options vested on 24 May 2010 and become exercisable; and

(ii) the remaining balance of share options will become vested and exercisable at 30 June 2011.

(3) The options will be lapsed automatically and not be exercisable (to the extent not already exercised) when the grantees ceased to be employees of the Group.

The estimated fair values of share options granted on 24 May 2010 was RMB3,054,000. These fair values were calculated using the Binomial model. The inputs into the model are as follows:

Share price on grant date	HK$ 1.37
Exercise price	HK$1.49
Expected volatility	68.0%
Suboptimal exercise multiple	3.5
Staff turnover rate	18%
Risk-free rate	2.467%
Expected dividend yield	0.60%

The risk-free rate was based on market yield rate of Hong Kong Government Bond with maturity on 22 June 2015 and 7 December 2015 as of the date of valuation on 24 May 2010. Expected volatility was determined by using the historical volatility of entities with the business in which the Group is engaged. The suboptimal exercise multiple used in the model represents the estimated ratio of future share price over the exercise price when the grantees will exercise the options and has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

17. SHARE-BASED COMPENSATION *(continued)*

(a) Share options to employees and others *(continued)*

Share Option Scheme (continued)

At 30 June 2010, the number of shares in respect of which options under the Share Option Scheme remained outstanding was 5,180,000, representing 0.50% of the shares of the Company in issue at that date.

During the period, no options have been exercised, lapsed or forfeited.

The Group recognised the total expense of approximately RMB1,696,000 for the six months ended 30 June 2010 in relation to share options granted by the Company on 24 May 2010.

(b) Restricted Shares to a director and certain key management personnel

	Number of shares	Fair values of unvested Restricted Shares (as defined below) *RMB'000*
At 1 January 2009	959,468	9,575
Granted on 3 August 2009	8,752,770	28,383
Capitalisation Issue of Shares	14,527,009	—
At 31 December 2009, 1 January 2010 and 30 June 2010	24,239,247	37,958

17. SHARE-BASED COMPENSATION *(continued)*

(b) Restricted Shares to a director and certain key management personnel *(continued)*

A total of 959,468 and 8,752,770, restricted shares ("Restricted Shares"), representing 0.36% and 3.17% of the shares of the Company in issue on 1 January 2009 and 3 August 2009, were granted to a director and certain key management personnel in 2008 and 2009 at nil consideration. The terms of the grant are as follows:

(1) Under the terms of the grant, the Restricted Shares issued might not be sold, transferred by gift, pledged or transferred or disposed prior to the date when the Restricted Shares become vested as discussed in (2) below.

(2) Subject to the continued employment of the grantees with the Company, the Restricted Shares granted shall become vested (subject to cancellations by the Company before vesting) in the following manner:

(i) 1/4th of the Restricted Shares shall vest immediately after the Group's audited net profit after taxation achieved RMB500 million or more for any financial year ("First Vesting"); and

(ii) the remaining 3/4th of the Restricted Share shall best thereinafter in equal quarterly instalments of 1/4th of the Restricted Shares at the end of each quarter after the First Vesting.

(3) In the event of the grantee's voluntary resignation for any reason prior to the date when the Restricted Shares become vested as discussed in (2) above, the Company shall upon the effective date of such resignation (the "Resignation Date") immediately cancel all of the Unvested Shares. All such Unvested Shares shall be immediately forfeited and cancelled by the Company without any payment to the grantee. He shall be entitled to remain as the legal and beneficial owner of all the Restricted Shares vested in accordance with (1) above as of the Resignation Date.

During the six months ended 30 June 2010 and year ended 31 December 2009, the Group did not recognise any expenses in relation to the Restricted Shares granted by the Company since the directors of the Company do not anticipate that the Group would achieve the net profit after taxation of RMB500 million or more in the near future. During the six months ended 30 June 2010 and year ended 31 December 2009, no Restricted Shares granted to the director and certain key management personnel of the Company were cancelled.

18. PLEDGE OF ASSETS

As at 30 June 2010, except for the restricted cash of approximately RMB9,518,000, the Group pledged its buildings having net book values of approximately RMB30,000,000 (31 December 2009: buildings having net book values of approximately RMB79,691,000 and construction in progress having net book values of approximately RMB10,804,000) to a bank to secure banking facilities granted to the Group.

19. CAPITAL COMMITMENTS

	30 June 2010 *RMB'000* *(Unaudited)*	31 December 2009 *RMB'000* *(Audited)*
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of property, plant and equipment	296,744	52,674
Capital expenditure authorised but not contracted for in respect of the acquisition of property, plant and equipment *(note)*	998,155	1,361,502
	1,294,899	1,414,176

Note: Included in the commitment is an amount of approximately RMB950,000,000 related to development of a production plant in Nanchang Economy and Technology Development Zone which the Group suspended the development plan pursuant to a board resolution in March 2010.

20. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2010 *RMB'000* *(Unaudited)*	2009 *RMB'000* *(Audited)*
Basic salaries and allowances	3,456	1,365
Retirement benefits scheme contributions	39	66
Share-based payments	1,022	—
	4,517	1,431

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

Definitions

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

"Board" or "Board of Directors"	the board of Directors
"Company"	Comtec Solar Systems Group Limited
"Corporate Governance Code"	Code on corporate governance practices contained in Appendix 14 to the Listing Rules
"Directors(s)"	the director(s) of the Company
"Global Offering"	the global offreing 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 PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Model Code"	Model code for securities transactions by directors of listed issuers contained in Appendix 10 to the Listing Rules
"Period"	Six months ended 30 June 2010
"PRC" or "China"	The People's Republic of China
"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