



# 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

INTERIM REPORT

2023



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# CORPORATE INFORMATION

## DIRECTORS

### Executive Director

Mr. John Yi Zhang (*Chairman*)

### Non-executive Directors

Mr. Dai Ji

Mr. Qiao Fenglin

### Independent non-executive Directors

Mr. Jiang Qiang

Dr. Yan Ka Shing

## COMPANY SECRETARY

Mr. Yuen Sing Wai Lester

(appointed on 23 August 2023)

Ms. Lau Ling Yun Agnes

(ceased office on 22 August 2023)

## AUTHORISED REPRESENTATIVES

Mr. John Yi Zhang

Mr. Qiao Fenglin

## AUDIT COMMITTEE

Mr. Jiang Qiang (*Chairman*)

Dr. Yan Ka Shing

## NOMINATION COMMITTEE

Mr. John Yi Zhang (*Chairman*)

Mr. Jiang Qiang

Mr. Qiao Fenglin

Dr. Yan Ka Shing

## REMUNERATION COMMITTEE

Mr. Jiang Qiang (*Chairman*)

Mr. John Yi Zhang

Mr. Qiao Fenglin

Dr. Yan Ka Shing

## CORPORATE GOVERNANCE COMMITTEE

Mr. John Yi Zhang (*Chairman*)

Mr. Jiang Qiang

## SIGNIFICANT PAYMENTS COMMITTEE

Mr. John Yi Zhang (*Chairman*)

## REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## HEADQUARTERS

No. 2, Hongyang Road

Tianning District

Changzhou City

Jiangsu Province

PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

RM 2301-02, 23/F.

Shanghai Industrial Investment Building

48-62 Hennessy Road

Wan Chai

Hong Kong SAR.

## COMPANY'S WEBSITE

[www.comtecsolar.com](http://www.comtecsolar.com)

# CORPORATE INFORMATION

## AUDITOR

Prism Hong Kong and Shanghai Limited

## LEGAL ADVISERS AS TO HONG KONG LAW

David Fong & Co.

## PRINCIPAL BANKS

Bank of China  
Bank of China (Hong Kong)  
Hongkong and Shanghai Banking Corporation  
Hang Seng Bank

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
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



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the Period, the Group is principally engaging in the solar businesses which focus on (1) consulting services for investment, engineering, procurement, development, and operation of solar photovoltaic power stations; (2) operations of rooftop distributed power generation projects in industrial, commercial and residential buildings; (3) sales of lithium battery power storage systems for electric vehicles and power storage customers; as well as (4) logistics services.

The Group continues to provide solar engineering, procurement and construction (“EPC”) services for rooftop distributed generation projects to customers from Guangdong, Fujian, Tianjin, Zhejiang, Shandong, Anhui, Hebei, Henan, Hubei, and Hunan and this business continues to provide a stable revenue stream to the Group. While the Group is facing weak demand and strong competition in the lithium battery power storage systems manufacturing business, we noted that our logistics business has grown steadily during the Period. Jiangsu Comtec Logistics Co., Ltd\* (江蘇卡姆丹克物流有限公司), has been established and rebranded as the Group’s logistics business arm for, among others, transportation of mono-crystalline products and power storage products, since the year ended 31 December 2020. The importance of providing stable logistics service has become increasingly apparent especially considering the severe challenges brought by the COVID-19 pandemic at that time and during the last few years. The logistics business, being established in one of the most vibrant new energy economic centres, Changzhou, has helped both internal and external customers to improve supply chain efficiency and support production. During the Period, the Group’s revenue from logistics services business achieved a breakthrough and the revenue from external customers from this segment increased significantly by 100% to approximately RMB6.3 million for the Period.

Every year, global energy demand continues to rise. Driven by factors such as the rapid development of the emerging economies and extended life longevity for human, total worldwide energy usage is expected to grow by nearly 50% by 2050. At the same time, scientists are sending alarming warnings about rising temperature levels, caused by carbon dioxide and other greenhouse gases. We have observed that the global economy is busily working on switching to cleaner energy sources, and the pace of change has never been faster. The Group, originating from its solar energy production equipment manufacturing, will continue to develop and expand our businesses with a mission to improve the global energy supply in both efficiency and sources. For the efficiency aspect, the Group will continue to invest, research, develop and provide power storage and power supply technology to boost energy storage efficiency, power supply stability and reducing energy loss in the process of power generation. For the energy sources vision, the Group will strive to increase the proportion of the world’s energy supply from renewable sources, through its investment, technology development and design.

The Group continues to persevere in its business and future development and will continue to play its role in a sustainable future for all global citizens.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

Revenue from our businesses mainly included (1) consulting services income from design, installation and construction of photovoltaic power stations, (2) power generation income, (3) income from sales of power storage products, and (4) income from logistics services business. Revenue from solar and power storage decreased by approximately RMB7.9 million, or 46.4%, from approximately RMB17.0 million for the corresponding period in 2022 to approximately RMB9.1 million for the Period, primarily due to the weak demand and strong competition for the sales of lithium battery power storage products, and while revenue from logistics services business increased by 100% to approximately RMB6.3 million for the Period as compared to the corresponding period in 2022.

### Cost of sales and services

Cost of sales and services decreased by 5.7% from approximately RMB11.2 million for the corresponding period in 2022 to approximately RMB10.6 million for the Period, generally in line with the decrease in revenue, partially offset by the increase in cost of services incurred by the increased logistics services business.

### Gross profit

During the Period, the Group recorded gross profit of approximately RMB4.8 million, representing a decrease of approximately 15.7% from the gross profit of approximately RMB5.8 million for the corresponding period in 2022, as a result of the decrease in revenue.

### Other income

During the Period, other income was approximately RMB3.6 million, representing a decrease of 13.2%, from approximately RMB4.2 million for the corresponding period in 2022, which was mainly due to the decrease in rental income as we completed the disposal of certain properties in Shanghai, more details of the Disposal to be provided below under section “Other gains and losses”.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Other gains and losses

Other gains were approximately RMB68.6 million during the Period, representing an increase by approximately RMB77.9 million from other losses of approximately RMB9.3 million during the corresponding period in 2022. The increase was primarily due to disposal of certain properties in Shanghai. Specifically, the Group, on 1 June 2022, announced that the Group's wholly-owned subsidiary, Shanghai Comtec Solar Technology Company Limited\* (上海卡姆丹克太陽能科技有限公司), as the Vendor, entered into the sale and purchase agreement (the "Sale and Purchase Agreement") with, Shanghai Pudong Zili Color Printing Factory Company Limited\* (上海浦東自立彩印廠有限公司), as the Purchaser, to dispose the properties (together with the ancillary facilities) located in Shanghai, the PRC, at the consideration of RMB180 million (the "Disposal"). The properties comprised of two land use rights and seven factory buildings, which were used partly as investment properties and partly as manufacturing facilities of the Group. The Disposal was completed and the Group recorded a net gain on the disposal of properties of approximately RMB68.1 million during the Period. The proceeds were used to repay the borrowings of the Group during both 2022 and the Period.

## Selling and distribution expenses

Selling and distribution expenses increased by 283.0%, from approximately RMB0.3 million for the corresponding period in 2022 to approximately RMB1.3 million for the Period, primarily due to the increased business travel as compared to the corresponding period in 2022 when the citywide static management imposed in Shanghai due to the Covid-19 pandemic.

## Administrative expenses

Administrative expenses increased by approximately RMB1.0 million, or 8.1%, from approximately RMB12.9 million for the corresponding period in 2022 to approximately RMB13.9 million for the Period, which was mainly due to the increase in legal and professional fees for the corporate actions pursuant to reduction of liabilities and on the Disposal.

## Research and development expenses

Research and development expenses decreased by approximately RMB1.2 million, or 66.2%, from approximately RMB1.8 million for the corresponding period in 2022 to approximately RMB0.6 million for the Period, due to the stringent cost control measures implemented by the Company.

## Finance costs

Interest expenses decreased by approximately RMB0.7 million from approximately RMB7.9 million for the corresponding period in 2022 to approximately RMB7.2 million for the Period due to a decrease in interest expenses following repayment of borrowings by utilizing the use of proceeds from the Disposal.

## Profit before taxation

Profit before taxation was approximately RMB48.7 million for the Period, increased by approximately RMB54.6 million from losses of approximately RMB5.9 million for the corresponding period in 2022, due to the aforementioned factors.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Taxation

The Group recorded tax expenses of approximately RMB14,000 during the Period, increasing from tax credit of approximately RMB1.7 million for the corresponding period in 2022, mainly due to the enterprise income tax incurred from the operating profit made from the Group's rooftop distributed generation projects during the Period.

## Profit for the Period

The Group recorded a profit and total comprehensive income of approximately RMB48.7 million during the Period, while the group recorded a loss and total comprehensive expenses of approximately RMB4.2 million during the corresponding period in 2022.

## Interim dividend

The Board resolved not to declare an interim dividend for the Period (six months ended 30 June 2022: nil).

## Liquidity and financial resources

As at 30 June 2023, the Group's current ratio (current assets divided by current liabilities) was 0.3 (31 December 2022: 0.54). The gearing ratio (total liabilities divided by total equity) was 2.2 (31 December 2022: 2.8). The Group had a working capital deficit (total consolidated current liabilities exceeded total consolidated current assets) of approximately RMB180.4 million as of 30 June 2023 (31 December 2022: approximately RMB192.3 million). Also, the Group recorded net liabilities of approximately RMB130.8 million as of 30 June 2023 (31 December 2022: approximately RMB164.2 million).

The Company has completed the two subscription agreements ("September 2022 Subscription Agreements") entered into with China Success Investment Group Limited ("China Success") and Mr. Wu Jun ("Mr. Wu") on 29 September 2022 with 46,178,343 subscription Shares and 63,694,267 subscription Shares were issued and allotted to China Success and Mr. Wu, respectively on 30 June 2023, at the issue price of HK\$0.157 per subscription share. The loans owned to China Success and Mr. Wu by the Company of approximately HK\$17,250,000 in aggregate (equivalent to approximately RMB15,960,250) were deemed to have been fully repaid upon completion of the aforementioned subscription agreements. Please refer to the Company's announcements dated 30 June 2023 and 29 September 2022 for further details.

The aggregate nominal value of all the subscription shares is HK\$0.004. The market price of the subscription shares was HK\$0.177 per Share as quoted at the close of market on the Stock Exchange on 29 September 2022, being the date of the September 2022 Subscription Agreements. The net subscription price per subscription share is approximately HK\$0.157.

# MANAGEMENT DISCUSSION AND ANALYSIS

On 30 June 2023, the Company entered into three subscription agreements (“June 2023 Subscription Agreements”) with each of China Success, Mr. Wu and Ms. Zhao Xiaoqun (“Ms. Zhao”) (collectively the “Subscribers”), pursuant to which, each of China Success, Mr. Wu and Ms. Zhao conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue 105,000,000 ordinary shares, 95,238,094 ordinary shares and 67,976,316 ordinary shares, respectively or a total of 158,341,800 ordinary shares (the “June 2023 Subscription Share(s)”) at a subscription price of HK\$0.105 per Subscription Share (the “June 2023 Subscription”) to capitalise outstanding loans of a total of approximately RMB6.9 million and raised approximately RMB8.0 million for the Group’s general working capital purpose and repayment of the Group’s debt. The aggregate nominal value of all the June 2023 Subscription Shares is HK\$633,367.2. The Subscription Shares, when fully paid and allotted and issued, will rank pari passu in all respects with all other existing ordinary shares of the Company outstanding on the date of completion of the June 2023 Subscription pursuant to the respective June 2023 Subscription Agreements, and be entitled to all dividends and distributions the record date for which falls on a date on or after the date of the issue. The market price of the Subscription Shares was HK\$0.129 per Share as quoted on the Stock Exchange on 30 June 2023, being the date of the June 2023 Subscription Agreements. The net subscription price per subscription share will be approximately HK\$0.1018. As at the date of this report, the June 2023 Subscription is yet to be completed. Please refer to the Company’s announcement dated 30 June 2023 for further details.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, on the date of 2022 September Subscription Agreements, each of China Success and Mr. Wu is not connected person (as defined in the Listing Rules) of the Company and on the date of June 2023 Subscription Agreements, save for the holding of shareholding interests of approximately 5.12% and 7.07% of the issued share capital of the Company by China Success and Mr. Wu respectively, each of China Success, Mr. Wu and Mr. Zhao each of China Success and Mr. Wu is not a connected person (as defined in the Listing Rules) of the Company.

Upon completion of all June 2023 the Subscription Agreements, each of China Success, Mr. Wu and Mr. Zhao is expected to be interested in approximately 9.91%, 8.98% and 6.41% of the enlarged issued share capital of the Company and will not become a substantial shareholder of the Company.

The Group will continue to strengthen our financial position and enhance the cash flow by ways including making the biggest efforts to improve operating performance, exploring collaborations with institutional investors, introducing new strategic investors and pursuing growth through considering possible and adequate fund raising, financial restructuring, M&A and partnerships.

## Capital commitments

As at 30 June 2023, the Group’s capital commitment was nil (31 December 2022: nil). The Group would carefully plan for the expansion of its rooftop distributed generation projects and power storage business which would depend on and subject to the market conditions and opportunities.

## Contingent liabilities

As at 30 June 2023, there was no material contingent liability (31 December 2022: nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Charges on group assets

As at 30 June 2023, the Group had restricted cash of approximately RMB0.1 million (31 December 2022: approximately RMB0.2 million), and pledged its buildings, investment properties, right-of-use assets and plant and machines to secure financing facilities granted to the Group. Save as disclosed above, as at 30 June 2023, no other assets of the Group were charged.

## OUTLOOK

### Asset allocation and/or refinancing, and deleveraging

As the Group has fully suspended its upstream manufacturing business including manufacturing and sales of solar wafers and related products which recorded operating losses in the last few years and has been undergoing corporate restructuring since 2020, we have diligently executed our strategies of disposing assets and properties with low utilisation to improve asset utilisation, reallocating resources to improve our capital structure, lowering our gearing ratio, and refinancing our assets and properties to enhance cashflow when opportunities arise.

### Further implementation of the strategic cooperation framework agreement

On 16 March 2021, the Company has entered into a strategic cooperation framework agreement (the “Framework Agreement”) with Jiangsu Changzhou Tianning Economic Development Zone Management Committee\* (江蘇常州天寧經濟開發區管理委員會) (“Tianning EDZ Management Committee”) and Changzhou Tianning Investment Service Centre\* (常州市天寧區招商服務中心). For this regard, the Group has, by way of setting up a wholly-owned subsidiary for centralised management, relocated its headquarter to Tianning District, Changzhou City, Jiangsu Province (“Tianning, Changzhou”) in March 2021. Given the establishment of the new headquarter, Tianning EDZ Management Committee provided the agreed government subsidy of RMB10,000,000 to the Group in May 2021 as stipulated in the Framework Agreement, which demonstrated the government’s confidence in and support for the Group’s future development. Apart from the existing energy businesses of the Group, such establishment has also enabled the Group to make presence in new businesses, including, inter alia, intelligent logistics and renewable energy business, and to establish and operate a new energy-asset trading platform in Tianning, Changzhou as and when appropriate.

Pursuant to the Framework Agreement, Tianning EDZ Management Committee also agreed to make equity investments in and provide further support for the Group (as detailed in the announcement of the Company dated 18 March 2021) for engaging in intelligent logistic business. However, amid the prolonged COVID-19 pandemic, the progress of the Group’s development plan has been significantly hindered. As China has been gradually delivering economic recovery this year, the Group expects that the progress in its business layout for intelligent logistics and new energy operations would be back on track. Further update on the implementation of the Framework Agreement will be announced by the Company as and when appropriate.

### Relaunching the development of the logistics business segment

The Group established its logistics business in 2020 as we have been optimistic of the growth and prospect of the industry. The segment has achieved a breakthrough in its performance with an increased revenue during the Period.

The Group plans to endeavour into the fields of carriage of dangerous goods, intelligent logistics and logistics finance by obtaining relevant licenses where necessary and partnering with certain local PRC government(s) as equity investor(s) as well as teams of specialists with industry knowhow and IT engineering expertise.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Strengthening our EPC business

Benefiting from national policy and the government's active promotion of achieving the goals of "carbon peak" and "carbon neutrality," the popularity of distributed photovoltaic power generation continues to rise, creating significant market development opportunities.

The Group has undertaken more than 30 distributed photovoltaic power generation EPC projects since 2017, including a project located in Shanghai with a capacity of 4,000 kW this year. Hampered by the COVID-19 pandemic in the past few years, the EPC business has been slowed down, and the Group now focuses on strengthening its EPC business by forming partnership(s) with professional industry investor(s) to undertake more EPC projects in the coming years. The Company will make further update(s) and/or announcement(s) on this as and when appropriate.

## Strategic investments

The Group keeps an open mind for solid investment opportunities which can benefit our Group by, among others, delivering satisfying returns, bringing synergy and opportunities to existing businesses of the Group and enabling the Group to promote industrial upgrading. For instance, the Group is currently finalising a frequency modulation energy-storage power station project (which involves an innovative flywheel energy storage technology) with a state-owned enterprise and one of the flywheel energy storage leaders. More information regarding the aforesaid investment and the potential opportunities of such investments will be disclosed as and when appropriate.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CORPORATE GOVERNANCE CODE

The Company is committed to preserve high standards of corporate governance in the interests of Shareholders. During the Period, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “CG Code”) save as and except for the deviation below:

Pursuant to Corporate Governance Code Provision C.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company currently has no Chief Executive Officer following the resignation of Mr. Zhang Zhen in January 2021. The daily operation and management of the Company is undertaken and monitored by Mr. John Yi Zhang, an executive Director, and Mr. Che Xiaoxi, the chief operating officer. Meanwhile, Mr. Che Xiaoxi is also responsible for the day-to-day management, administration and operation of the Company. The delegated functions and work tasks are periodically reviewed. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of Chairman and Chief Executive Officer is necessary.

In accordance to Rule 3.10(1) of the Listing Rules, the Company should appoint at least three independent non-executive Directors. Following the retirement of Mr. Ma Teng on 30 September 2022, the Company has only two independent non-executive Directors on the Board.

Pursuant to Rule 3.21 of the Listing Rules, every listed issuer must establish an audit committee comprising non-executive directors only and such committee must comprise a minimum of three members. Following the retirement of Mr. Ma Teng on 30 September 2022, the Audit Committee only comprised two independent non-executive Directors, which is below the minimum requirement under Rule 3.21 of the Listing Rules.

Pursuant to Rule 3.25 of the Listing Rules, every listed issuer must establish a remuneration committee chaired by an independent non-executive Director and comprising a majority of independent non-executive directors. Following the retirement of Mr. Ma, the remuneration committee of the Company, (the “Remuneration Committee”) only comprised two independent non-executive Directors, one executive Director and one non-executive Director.

Pursuant to Rules 3.27A of the Listing Rules, a majority of the members of the nomination committee should be independent non-executive directors. However, during the Period, the nomination committee of the Company, (the “Nomination Committee”) only comprised one-executive Director, one non-executive Director and two independent non-executive Directors.

To comply with Rules 3.10(1), 3.21, 3.25 and 3.27A, the Board is in the process of identifying a suitable candidate to fill the vacancies of the independent non-executive Director position and memberships of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. The Company will make its best endeavour to identify a suitable candidate to fill the casual vacancy on the Board for the position of independent non-executive Director as soon as practicable and will make further announcement as and when appropriate.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

The Board currently comprises only male directors. The Nomination Committee has set a target of not less than 10% for female Directors representation on the Company's Board during its meeting in March 2023 and the Board is currently still in progress of searching at least one female director on the Board.

### MODEL CODE

The Company has 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 throughout the Period.

### REVIEW OF INTERIM FINANCIAL STATEMENTS

The audit committee of the Company has held meetings to discuss the internal controls, risk management and financial reporting matters of the Company, including the review of the unaudited interim results and the unaudited condensed consolidated financial statements of the Group for the Period.

### INTERIM DIVIDEND

The Board does not recommend any interim dividend to be declared for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

### 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 was publicly available to the Company and to the best knowledge of the Directors as at the date of this report, 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.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## DISCLOSURE OF INTEREST

### Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at the date of this report, 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 Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company were taken and deemed to have under such provisions of the SFO, or which are required to be and were recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

#### Long positions in the Company

Name of Directors	Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company
Mr. John Yi Zhang <sup>1</sup>	Beneficiary of a trust, interest in a controlled corporation, interest of spouse and founder of a trust	142,470,887	15.80%
Mr. Dai Ji	Beneficial owner	67,500,000	7.49%

Notes:

- (1) Fonty, which is 100% beneficially owned by Mr. Zhang, held 130,513,461 consolidated Shares. For the purposes of the SFO, Mr. Zhang is also deemed to be interested in 11,957,426 Consolidated Shares which are beneficially owned by Zhang Trusts For Descendants as the founder of the trust.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at the date of this report, none of the Directors or 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.

Save as disclosed in this report, at no time throughout the Period was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors and 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 or underlying shares in, 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 the date of this report, 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 Divisions 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:

#### Long positions in the Company

Name of Shareholders	Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company
Fonty Holdings Limited	Beneficial owner	130,513,461	14.48%
Ms. Carrie Wang <sup>1</sup>	Interest of spouse	142,470,887	15.80%
Advanced Gain Limited <sup>2</sup>	Beneficial owner	47,728,179	5.29%
Mr. Wu Zheqiang <sup>2</sup>	Interest in a controlled corporation	47,728,179	5.29%
Mr. Sun Da	Beneficial owner	104,885,179	11.63%
China Digital Development Group Limited <sup>3</sup>	Beneficial owner	63,694,267	7.06%
Mr. Wu Jun <sup>3</sup>	Interest in a controlled corporation	63,694,267	7.06%
CHINA SUCCESS INVESTMENT GROUP LIMITED <sup>4</sup>	Beneficial owner	46,178,343	5.12%
Mr. Chang Loong Cheong <sup>4</sup>	Interest in a controlled corporation	46,178,343	5.12%

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## Notes:

- (1) Ms. Carrie Wang is the spouse of Mr. John Yi Zhang, therefore, pursuant to the SFO, she is deemed to be interested in all the Shares in which Mr. John Yi Zhang is interested.
- (2) Advanced Gain Limited is wholly owned by Mr. Wu Zheqiang. Therefore Mr. Wu Zheqiang is deemed to be interested in the 47,728,179 consolidated Shares held by Advanced Gain Limited.
- (3) China Digital Development Group Limited is wholly owned by Mr. Wu Jun. Therefore, Mr. Wu Jun is deemed to be interested in the 63,694,267 Shares held by China Digital Development Group Limited.
- (4) CHINA SUCCESS INVESTMENT GROUP LIMITED is controlled by Mr. Chang Loong Cheong. Therefore, Mr. Chang Loong Cheong is deemed to be interested in the 46,178,343 Shares held by CHINA SUCCESS INVESTMENT GROUP LIMITED.

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company which be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## SHARE OPTION SCHEMES

### Share Option Scheme

The Company adopted a share option scheme (the “Old 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.

As at 30 June 2023, the total number of shares of the Company under the Old Share Option Scheme which may be issued upon exercise of all outstanding share options was 32,176,544 (after the Share Consolidation), representing approximately 3.57% of the shares of the Company in issue on 30 June 2023. Since the Old Share Option Scheme was terminated on 1 October 2019, no further options can be granted under it. However, the share options granted under the Old Share Option Scheme prior to its termination shall continue to be valid and exercisable in accordance with the terms of the Old Share Option Scheme.

In view of, among others, the fact that the Old Share Option Scheme expired on 1 October 2019, and for the same purposes above, the Company conditionally adopted a new share option scheme (the “New Share Option Scheme”) on 31 December 2018 (the “Adoption Date”). The New Share Option Scheme became unconditional and took effect on 17 January 2019 upon the Listing Committee’s granting the listing of, and permission to deal in the Shares falling to be issued pursuant to the exercise of option under the New Share Option Scheme, and the Old Share Option Scheme was terminated on even date.

Under the New Share Option Scheme, the aggregate number of Shares in respect of which options (including both exercised and outstanding options) may be granted under the New Share Option Scheme and any other share option scheme(s) of the Company shall not, in aggregate exceed 10% of the total number of Shares in issue on the Adoption Date, i.e. 209,770,358 Unconsolidated Shares.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

As at 30 June 2023, the total number of shares of the Company under the New Share Option Scheme which may be issued upon exercise of all outstanding share options was 22,982,956 (after the Share Consolidation), representing approximately 2.55% of the shares of the Company in issue on 30 June 2023.

No option may be granted to any participant of the New 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 New 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 New Share Option Scheme are required to pay the Company HK\$1.0 upon acceptance of the grant on or before the 28th day 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 Stock Exchange's daily quotations sheets on the offer date; and
- (c) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date.

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

From 1 January 2023, the Company will rely on the traditional arrangement provided for the existing share schemes and will comply with the new Chapter 17 of the Listing Rules, which became effective from 1 January 2023.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Details of the share options exercised and lapsed under the Old Share Option Scheme during the Period are as follows:

Grantee	Date of grant	Exercise price per Share	After share consolidation					Balance as at 30 June 2023
			Balance as at 1 January 2023	Share options granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	
<b>Director</b>								
Mr. Chau Kwok Keung	2 May 2017	HK\$1.340	375,000	-	-	-	-	375,000
Mr. Kang Sun <sup>(1)</sup>	2 May 2017	HK\$1.340	50,000	-	-	-	-	50,000
Mr. Leung Ming Shu <sup>(1)</sup>	2 May 2017	HK\$1.340	50,000	-	-	-	-	50,000
Mr. Xu Erming <sup>(1)</sup>	2 May 2017	HK\$1.340	50,000	-	-	-	-	50,000
Mr. Zhang Zhen	2 May 2017	HK\$1.340	375,000	-	-	-	-	375,000
<b>Other participants</b>								
Employees	15 June 2018	HK\$0.604	1,150,000	-	-	-	-	1,150,000
Employees	2 May 2017	HK\$1.340	1,975,000	-	-	-	-	1,975,000
Consultants	15 June 2018	HK\$0.604	4,171,544	-	-	-	-	4,171,544
Consultants	2 May 2017	HK\$1.340	2,600,000	-	-	-	-	2,600,000
Consultants	9 September 2016	HK\$2.240	4,500,000	-	-	-	-	4,500,000
Consultants	25 November 2015	HK\$2.944	10,650,000	-	-	-	-	10,650,000
Consultants	26 June 2015	HK\$6.000	5,000,000	-	-	-	-	5,000,000
Consultants	31 March 2014	HK\$5.544	225,000	-	-	-	-	225,000
Consultants	30 September 2013	HK\$7.480	1,005,000	-	-	-	-	1,005,000
Total			32,176,544	-	-	-	-	32,176,544

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## Notes:

- (1) All Share options granted under the Old Share Option Scheme on 24 May 2010, 28 June 2012 and 27 December 2012 have either lapsed or been cancelled by the grantees.
- (2) Share options granted under the Old Share Option Scheme on 30 September 2013 shall vest in the grantees 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
30 September 2013	50% of the total number of Share Options granted
30 December 2013	12.5% of the total number of Share Options granted
30 March 2014	12.5% of the total number of Share Options granted
30 June 2014	12.5% of the total number of Share Options granted
30 September 2014	12.5% of the total number of Share Options granted

- (3) Share options granted under the Old Share Option Scheme on 31 March 2014 vest in the relevant grantee in accordance with the timetable below with a 10-year exercise period (for the 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
31 March 2014	50% of the total number of Share Options granted
30 June 2014	12.5% of the total number of Share Options granted
30 September 2014	12.5% of the total number of Share Options granted
31 December 2014	12.5% of the total number of Share Options granted
31 March 2015	12.5% of the total number of Share Options granted

- (4) All Share options granted under the Old Share Option Scheme on 11 May 2015 have either lapsed or been cancelled by the grantees.
- (5) Share options granted under the Old Share Option Scheme on 26 June 2015 shall vest in the grantees 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
26 June 2015	50% of the total number of Share Options granted
26 September 2015	12.5% of the total number of Share Options granted
26 December 2016	12.5% of the total number of Share Options granted
26 March 2016	12.5% of the total number of Share Options granted
26 June 2016	12.5% of the total number of Share Options granted

- (6) Share options granted under the Old Share Option Scheme on 25 November 2015 shall vest in the grantees 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
25 November 2015	50% of the total number of Share Options granted
25 February 2015	12.5% of the total number of Share Options granted
25 May 2016	12.5% of the total number of Share Options granted
25 August 2016	12.5% of the total number of Share Options granted
25 November 2016	12.5% of the total number of Share Options granted

## CORPORATE GOVERNANCE AND OTHER INFORMATION

- (7) Share options granted under the Old Share Option Scheme on 9 September 2016 shall vest in the grantees 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
9 September 2016	50% of the total number of Share Options granted
9 December 2016	12.5% of the total number of Share Options granted
9 March 2017	12.5% of the total number of Share Options granted
9 June 2017	12.5% of the total number of Share Options granted
9 September 2017	12.5% of the total number of Share Options granted

- (8) Share options granted under the Old Share Option Scheme on 2 May 2017 shall vest in the grantees 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"):

The 2,875,000 (after the Share Consolidation) Share Options (including the Share Options granted to the Directors) shall be subject to a vesting schedule as follows:

Vesting Date	Percentage of Share Options to vest
2 August 2017	12.5% of the total number of Share Options granted
2 November 2017	12.5% of the total number of Share Options granted
2 February 2018	12.5% of the total number of Share Options granted
2 May 2018	12.5% of the total number of Share Options granted
2 August 2018	12.5% of the total number of Share Options granted
2 November 2018	12.5% of the total number of Share Options granted
2 February 2019	12.5% of the total number of Share Options granted
2 May 2019	12.5% of the total number of Share Options granted

The remaining 2,600,000 (after the Share Consolidation) Share Options shall be subject to a vesting schedule as follows:

Vesting Date	Percentage of Share Options to vest
2 May 2017	50% of the total number of Share Options granted
2 August 2017	12.5% of the total number of Share Options granted
2 November 2017	12.5% of the total number of Share Options granted
2 February 2018	12.5% of the total number of Share Options granted
2 May 2018	12.5% of the total number of Share Options granted

- (9) The Company granted a total of 8,100,000 (after the Share Consolidation) Share Options on 2 May 2017, among which 1,050,000 (after the Share Consolidation) were not accepted by the relevant grantees.

- (10) Share options granted under the Old Share Option Scheme on 15 June 2018 shall vest in the grantees 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"):

Out of the 5,496,544 (after the Share Consolidation) Share Options granted, 4,171,544 (after the Share Consolidation) Share Options shall be subject to a vesting schedule as follows:

Vesting Date	Percentage of Share Options to vest
15 June 2018	50% of the total number of Share Options granted
15 September 2018	12.5% of the total number of Share Options granted
15 December 2018	12.5% of the total number of Share Options granted
15 March 2019	12.5% of the total number of Share Options granted
15 June 2019	12.5% of the total number of Share Options granted

## CORPORATE GOVERNANCE AND OTHER INFORMATION

The remaining 1,150,000 (after the Share Consolidation) Share Options shall be subject to a vesting schedule as follows:

Vesting Date	Percentage of Share Options to vest
15 September 2018	12.5% of the total number of Share Options granted
15 December 2018	12.5% of the total number of Share Options granted
15 March 2019	12.5% of the total number of Share Options granted
15 June 2019	12.5% of the total number of Share Options granted
15 September 2019	12.5% of the total number of Share Options granted
15 December 2019	12.5% of the total number of Share Options granted
15 March 2020	12.5% of the total number of Share Options granted
15 June 2020	12.5% of the total number of Share Options granted

- (11) Mr. Kang Sun, Mr. Leung Ming Shu and Mr. Xu Erming resigned as a Director on 20 March 2021, 10 February 2021 and 29 January 2021 respectively.

Detail of the movement of the share options granted under the New Share Option Scheme during the Period are as follows:

Grantee	Date of grant	Exercise price per Share	After share consolidation					Balance as at 30 June 2023
			Balance as at 1 January 2023	Share options granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	
<b>Director</b>								
Mr. Kang Sun <sup>(2)</sup>	29 May 2019	HK\$0.280	150,000	-	-	-	-	150,000
Mr. Leung Ming Shu <sup>(2)</sup>	29 May 2019	HK\$0.280	100,000	-	-	-	-	100,000
<b>Other participants</b>								
Employees	29 May 2019	HK\$0.280	2,704,500	-	-	-	-	2,704,500
Consultants	29 May 2019	HK\$0.280	20,028,456	-	-	-	-	20,028,456
Total			22,982,956	-	-	-	-	22,982,956

# CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) Share options granted under the New Share Option Scheme on 29 May 2019 shall vest in the relevant grantee in accordance with the timetable below with a 10-year exercise period (for the purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

<b>Vesting Date</b>	<b>Percentage of Share Options to vest</b>
29 May 2019	50% of the total number of Share Options granted
29 August 2019	12.5% of the total number of Share Options granted
29 November 2019	12.5% of the total number of Share Options granted
29 February 2020	12.5% of the total number of Share Options granted
29 May 2020	12.5% of the total number of Share Options granted

- (2) Mr. Kang Sun and Mr. Leung Shu Ming resigned as a Director on 20 March 2021 and 10 February 2021 respectively.

During the Period save as disclosed above, no options granted under the Old Share Option Scheme or the New Share Option Scheme were lapsed or cancelled.

Further details of the Old Share Option Scheme and the New Share Option Scheme are set out in note 17 to the financial statements.



# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Period for the six months ended 30 June 2023

	NOTES	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Revenue</b>	4	<b>15,430</b>	16,971
Cost of sales and services		<b>(10,576)</b>	(11,214)
<b>Gross profit</b>		<b>4,854</b>	5,757
Other income	5	<b>3,624</b>	4,173
Other gains and losses	6	<b>68,576</b>	(9,296)
Impairment loss on financial assets, net of reversal		<b>(5,262)</b>	16,379
Selling and distribution expenses		<b>(1,287)</b>	(336)
Administrative expenses		<b>(13,938)</b>	(12,896)
Research and development expenses		<b>(618)</b>	(1,830)
Finance costs	7	<b>(7,235)</b>	(7,851)
<b>Profit/(loss) before taxation</b>	8	<b>48,714</b>	(5,900)
Income tax (expenses)/credit	9	<b>(14)</b>	1,658
<b>Profit/(loss) and total comprehensive expense for the Period</b>		<b>48,700</b>	(4,242)
<b>Profit/(loss) and total comprehensive income/(expense) for the Period attributable to</b>			
Owners of the Company		<b>49,305</b>	(12,233)
Non-controlling interests		<b>(605)</b>	7,991
		<b>48,700</b>	(4,242)
		<b>RMB cents</b>	RMB cents
Earning/(loss) per share			
– Basic	11	<b>6.22</b>	(1.55)
– Diluted	11	<b>5.82</b>	(1.55)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	NOTES	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		29,413	31,842
Investment properties		45,093	45,093
		<b>74,506</b>	76,935
<b>Current assets</b>			
Inventories		4,027	3,084
Trade receivables	12	7,347	5,973
Deposits, prepayment and other receivables		54,139	68,848
Assets held for sales		–	125,358
Pledged bank deposits		117	204
Bank balances and cash		12,144	22,544
		<b>77,774</b>	226,011
<b>Current liabilities</b>			
Trade payables	13	57,216	50,132
Other payables and accruals		118,843	90,959
Contract liabilities		3,275	3,577
Deposit received		–	179,500
Interest-bearing borrowings	14	15,152	27,845
Loan from shareholders		1,161	4,761
Tax liabilities		5,871	5,863
Deferred income		4,173	4,173
Considerable payable		5,130	5,130
Lease liabilities		4,019	4,542
Convertible bonds	15	43,355	41,787
		<b>258,195</b>	418,269
<b>Net current liabilities</b>		<b>(180,421)</b>	(192,258)
<b>Total assets less current liabilities</b>		<b>(105,915)</b>	(115,323)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<i>NOTES</i>	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Interest-bearing borrowings		–	4,700
Deferred tax liabilities		3,419	15,278
Deferred income		6,896	8,983
Lease liabilities		14,581	19,869
		<b>24,896</b>	48,830
<b>Net liabilities</b>		<b>(130,811)</b>	(164,153)
<b>Capital and reserves</b>			
Share capital	16	3,153	2,752
Reserves		(132,642)	(166,188)
Equity attributable to owners of the Company		(129,489)	(163,436)
Non-controlling interests		(1,322)	(717)
<b>Total deficits</b>		<b>(130,811)</b>	(164,153)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period for the six months ended 30 June 2023

	Attributable to owners of the Company							Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Share options reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Property revaluation reserve RMB'000	Accumulated losses RMB'000			
At 1 January 2022 (Audited)	2,752	1,571,637	118,187	17,382	84,583	31,040	(1,933,212)	(107,631)	(5,833)	(113,464)
(Loss) Profit and total comprehensive (expense) income for the period	-	-	-	-	-	-	(12,233)	(12,233)	7,991	(4,242)
At 30 June 2022 (Unaudited)	2,752	1,571,637	118,187	17,382	84,583	31,040	(1,945,445)	(119,864)	2,158	(117,706)
At 1 January 2023 (Audited)	<b>2,752</b>	<b>1,571,637</b>	<b>118,187</b>	<b>17,382</b>	<b>84,609</b>	<b>31,040</b>	<b>(1,989,043)</b>	<b>(163,436)</b>	<b>(717)</b>	<b>(164,153)</b>
Profit (Loss) and total comprehensive income (expense) for the period	-	-	-	-	-	-	49,305	49,305	(605)	48,700
Shares issued upon subscription of new shares	401	15,281	-	-	-	-	-	15,682	-	15,682
Disposal of property	-	-	-	-	-	(31,040)	-	(31,040)	-	(31,040)
At 30 June 2023 (Unaudited)	<b>3,153</b>	<b>1,586,918</b>	<b>118,187</b>	<b>17,382</b>	<b>84,609</b>	<b>-</b>	<b>(1,939,738)</b>	<b>(129,489)</b>	<b>(1,322)</b>	<b>(130,811)</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Period for the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Operating activities</b>		
Profit (loss) before taxation	48,714	(5,900)
Adjustments for:		
Interest income	(240)	(24)
Interest expenses	7,235	7,851
Depreciation of property, plant and equipment	3,748	6,173
Depreciation of right-of-use assets	2,517	1,133
Amortisation of intangible assets	–	610
Fair value loss on investment properties	–	6,621
Release of deferred income	(2,087)	(2,087)
Written-off of property, plant and equipment	–	–
Gain on disposal of property, plant and equipment	(68,129)	–
(Reversal of) impairment loss of financial assets	5,262	(16,379)
Net foreign exchange loss	1,568	2,607
Operating cash flows before movements in working capital	(1,412)	605
(Increase) Decrease in inventories	(943)	1,652
(Increase) Decrease in trade and other receivables	(12,170)	11,429
(Increase) Decrease in advance to suppliers	(2,778)	(6,080)
Increase in trade and other payables	26,053	164,351
Decrease in contract liabilities	(302)	(4,871)
Cash generated from operations	8,448	167,086
Interest paid	(527)	–
Taxes refunded (paid)	(8)	10
<b>Net cash from operating activities</b>	<b>7,913</b>	<b>167,096</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Period for the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Investing activities</b>		
Withdrawal (placement) of pledged bank deposits	87	(244)
Interest received	240	24
<b>Net cash (used in) from investing activities</b>	<b>327</b>	<b>(220)</b>
<b>Financing activities</b>		
Interest paid	–	(9,931)
Repayment of bank and other borrowings	(11,900)	(119,812)
Repayment of lease liabilities	(6,740)	(1,287)
<b>Net cash used in financing activities</b>	<b>(18,640)</b>	<b>(131,030)</b>
Increase in cash and cash equivalents	(10,400)	35,846
Cash and cash equivalents at beginning of the period	22,544	6,768
<b>Cash and cash equivalents at end of the period, represented by bank balances and cash</b>	<b>12,144</b>	<b>42,614</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 1. GENERAL

The condensed consolidated financial statements of Comtec Solar Systems Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to the “Group”) for the six months ended 30 June 2023 were authorised for issue in accordance with a resolution of the board of directors of the Company on 28 August 2023.

The Company is a public limited company incorporated in the Cayman Islands and its shares were 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 Yi Zhang (“Mr. Zhang”), who is the chairman and a director of the Company.

The Company is an investment holding company. The Group is principally engaged in research, production and sales of power storage products and lithium battery products, the provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations, operation of rooftop distributed power generation projects in industrial, commercial and residential buildings and provision of logistics services to factories, manufacturers, raw material providers.

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

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2023 are unaudited, but have been reviewed by the audit committee of the Company. The condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange and International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

The Group incurred a net profit of approximately RMB48.7 million for the six months ended 30 June 2023 and had net current liabilities and net liabilities of approximately RMB180,421,000 and RMB130,811,000 as at that date respectively. Notwithstanding the above results, the condensed consolidated financial statements have been prepared on a going concern basis, the validity of the going concern basis is dependent upon the success of the Group’s future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 2. BASIS OF PREPARATION *(continued)*

Also, the directors of the Company are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

- Mr. Zhang has committed to provide necessary financial support in the form of debt and/or equity to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future;
- Mr. Dai Ji has committed to provide necessary financial support in the form of debt and/or equity to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future;
- Historically, the Group has been able to roll over or obtain replacement borrowings from existing credit for most of its short-term interest-bearing borrowings upon their maturity. The Group has assumed it will continue to be able to do so for the foreseeable future;
- The Group has been actively negotiating with a few interested parties who would be interested to restructure the debts of the Company, such that the interested party will negotiate with the lenders to waive/refinance/extend the repayment of loans, and also look into possible equity/debt investment into the Company;
- The Group is adopting strict control of operating and investing activities; and
- On 30 June 2023, the Company entered into three subscription agreements with independent third parties to capitalise outstanding loans of approximately RMB6.9 million and raised approximately RMB8.5 million for the Group's general working capital purpose and repayment of the Group's debt.

In view of the above, the directors of the Company are of the opinion that there will be sufficient financial resources available to the Group to enable it to meet its liabilities as and when they fall due and to continue as a going concern. Accordingly, the directors of the Company have prepared the condensed consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment property and convertible bonds that are measured at fair value at the end of the reporting period.

Other than changes in accounting policies resulting from the application of new and amendments to International Financial Reporting Standards (“IFRSs”) as explained below, the accounting policies and methods of computation used in the condensed consolidation financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022.

### New and amendments to IFRSs that are effective for the current period

The Group has adopted the following new and amendments to IFRS which are effective for the financial year beginning on or after 1 January 2023:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 28	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

The adoption of above amendments to IFRSs does not have a material impact on these condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 4. REVENUE AND SEGMENT REPORTING

### (a) Revenue

The Group is principally engaged in operation of rooftop distributed power generation projects in industrial, commercial and residential buildings, provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations and production and sales of power storage products, and provision of logistics services to factories, manufacturers, raw material providers.

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

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

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Disaggregated by major products or service lines		
– Sales of power storage products	1,720	10,852
– Installation services for photovoltaic power stations	15	–
– Power generation	5,713	4,510
– Consulting services for construction	1,656	1,609
– Logistics services	6,326	–
	<b>15,430</b>	16,971

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

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 4. REVENUE AND SEGMENT REPORTING *(continued)*

### (b) Segment reporting

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

- Mono-crystalline and solar products – Production and sales of efficient mono-crystalline products and trading of solar products.
- Solar and power storage – Provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations and production and sales of power storage products.
- Logistics services – Provision of logistics services to factories, manufacturers, raw material providers in the PRC, primarily in the Jiangsu Province.

### (i) Segment revenue and results

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

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

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the CODM for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2023 and 2022 is set out below.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 4. REVENUE AND SEGMENT REPORTING *(continued)*

### (b) Segment reporting *(continued)*

#### (i) *Segment revenue and results (continued)*

For the six months ended 30 June 2023

	Mono-crystalline and solar products RMB'000 (Unaudited)	Solar and power storage RMB'000 (Unaudited)	Logistics services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Disaggregated by timing of revenue recognition</b>				
Point in time	–	1,720	6,326	8,046
Over time	–	7,384	–	7,384
Total revenue	–	9,104	6,326	15,430
Segment (loss) profit	–	5,318	12	5,330
Unallocated income				71,477
Unallocated corporate expenses				(20,858)
Unallocated finance costs				(7,235)
Profit before taxation				48,714

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 4. REVENUE AND SEGMENT REPORTING *(continued)*

### (b) Segment reporting *(continued)*

#### (i) Segment revenue and results *(continued)*

For the six months ended 30 June 2022

	Mono-crystalline and solar products RMB'000 (Unaudited)	Solar and power storage RMB'000 (Unaudited)	Logistics services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Disaggregated by timing of revenue recognition</b>				
Point in time	–	10,852	–	10,852
Over time	–	6,119	–	6,119
Total revenue	–	16,971	–	16,971
Segment (loss) profit	(1,067)	17,499	–	16,432
Unallocated income				4,173
Unallocated corporate expenses				(20,441)
Unallocated finance costs				(6,064)
Loss before taxation				(5,900)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 4. REVENUE AND SEGMENT REPORTING *(continued)*

### (b) Segment reporting *(continued)*

#### (ii) Segment assets and liabilities

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

#### *Segment assets*

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Mono-crystalline and solar products	140	1,952
Solar and power storage	90,971	148,774
Logistics services	5,269	–
Total segment assets	<b>96,380</b>	150,726
Corporate and other assets	<b>55,900</b>	152,220
Total assets	<b>152,280</b>	302,946

#### *Segment liabilities*

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Mono-crystalline and solar products	8,047	4,796
Solar and power storage	53,556	45,087
Logistics services	6,835	–
Total segment liabilities	<b>68,438</b>	49,883
Corporate and other liabilities	<b>214,653</b>	417,216
Total liabilities	<b>283,091</b>	467,099

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 4. REVENUE AND SEGMENT REPORTING *(continued)*

### (b) Segment reporting *(continued)*

#### (ii) Segment assets and liabilities *(continued)*

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

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

#### (iii) Other segment information

For the six months ended 30 June 2023 (unaudited)

	Mono-crystalline and solar products RMB'000	Solar and power storage RMB'000	Logistics services RMB'000	Unallocated RMB'000	Total RMB'000
Amounts include in the measure of segment profit or loss of segment assets:					
Depreciation and amortisation	–	4,273	–	1,991	6,264
Impairment loss on financial assets, net of reversal	(180)	3,417	1,602	423	5,262
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss of segment assets:					
Finance costs	–	1,406	–	5,829	7,235
Income tax expenses	–	(13)	(1)	–	(14)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 4. REVENUE AND SEGMENT REPORTING *(continued)*

### (b) Segment reporting *(continued)*

#### (iii) Other segment information *(continued)*

For the six months ended 30 June 2022 (unaudited)

	Mono-crystalline and solar products RMB'000	Solar and power storage RMB'000	Logistics services RMB'000	Unallocated RMB'000	Total RMB'000
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Amounts include in the measure of segment profit or loss of segment assets:

Depreciation and amortisation	502	3,415	–	3,999	7,916
Reversal of impairment loss on financial assets	–	16,379	–	–	16,379

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss of segment assets:

Finance costs	565	1,222	–	6,064	7,851
Income tax credit	–	1,655	–	3	1,658

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 5. OTHER INCOME

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Government grants (note)	2,087	2,087
Rental income	1,297	2,010
Interest income	240	24
Others	–	52
	<b>3,624</b>	<b>4,173</b>

Note: The government grants mainly represent the amount received from the local government by operating subsidiaries of the Group to encourage activities aimed out by the Group in clean energy industry and high-technology advancement. No specific conditions are attached to the grant.

## 6. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Net foreign exchange gain/(loss)	444	(2,513)
Fair value loss on investment properties	–	(6,621)
Gain on disposal of properties (note)	68,129	–
Gain on deregistration of subsidiaries	7	–
Others	(4)	(162)
	<b>68,576</b>	<b>(9,296)</b>

Note: As part of the Group's strategy of removing the capital-intensive, less efficient upstream business, on 1 June 2022, the Company's subsidiary has announced the disposal of investment properties in Shanghai at the consideration of RMB180 million. The Disposal was completed and the Group recorded a net gain on the disposal of investment properties of approximately RMB68.1 million during the Period. The properties comprise of two land use rights and seven factory buildings.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 7. FINANCE COSTS

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest on bank and other borrowings	2,797	4,317
Interest on convertible bonds	3,509	3,122
Interest on leases liabilities	929	412
	<b>7,235</b>	7,851

## 8. PROFIT/LOSS BEFORE TAXATION

Profit/loss before taxation has been arrived at after charging:

### (a) Staff costs

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
– Salaries, wages, bonus and other benefits (including of director's emoluments)	3,162	2,996
– Retirement benefits schemes contributions	16	304
Total staff costs	<b>3,178</b>	3,300

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 8. PROFIT/LOSS BEFORE TAXATION *(continued)*

### (b) Other items

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Depreciation charge		
– owned property, plant and equipment	3,748	6,173
– right-of-use assets	2,516	1,133
	<b>6,264</b>	7,306
Amortisation cost of intangible assets	–	610
Amount of inventories recognised as an expense	–	7,696

## 9. TAXATION

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Current tax</b>		
PRC Enterprise Income Tax	14	(3)
<b>Deferred tax</b>		
Current period	–	(1,655)
<b>Income tax expense/(credit)</b>	<b>14</b>	<b>(1,658)</b>

No Hong Kong Profits Tax was provided for the six months ended 30 June 2023 and 2022 as the group entities had no assessable profits or incurred tax losses in Hong Kong.

PRC Enterprise Income Tax was calculated at the applicable tax rate of 25% in accordance with the relevant laws and regulations in the PRC for the six months ended 30 June 2023 and 2022.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 10. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2023 and 2022.

## 11. EARNING/(LOSS) PER SHARE

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

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Earning/(loss)</b>		
Earning/(loss) for the Period attributable to owners of the Company	<b>49,305</b>	(12,233)
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue	<b>792,316,033</b>	791,709,002
Weighted average number of outstanding and vested share options	<b>55,159,500</b>	–
Weighted average number of shares for the purpose of diluted earnings per share	<b>847,475,533</b>	791,709,002

The outstanding share options and conversion option of the convertible bonds of the Company have not been included in the computation of diluted earning/(loss) per share as they were anti-dilutive for the six months ended 30 June 2023.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 12. TRADE RECEIVABLES

	<b>At 30 June 2023 RMB'000 (Unaudited)</b>	At 31 December 2022 RMB'000 (Audited)
Trade receivables, net of allowance	<b>7,347</b>	5,973

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

	<b>At 30 June 2023 RMB'000 (Unaudited)</b>	At 31 December 2022 RMB'000 (Audited)
0 to 30 days	<b>4,691</b>	5,870
31 to 60 days	<b>1,893</b>	35
61 to 90 days	<b>741</b>	22
Over 90 days	<b>22</b>	46
	<b>7,347</b>	5,973

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 13. TRADE PAYABLES

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

	<b>At 30 June 2023 RMB'000 (Unaudited)</b>	At 31 December 2022 RMB'000 (Audited)
0 to 30 days	<b>3,356</b>	4,845
31 to 60 days	<b>3,542</b>	46
61 to 90 days	<b>670</b>	21
91 to 180 days	<b>115</b>	128
181 to 360 days	<b>141</b>	1,203
Over 360 days	<b>49,392</b>	43,889
	<b>57,216</b>	50,132

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

## 14. INTEREST-BEARING BORROWINGS

	<i>NOTES</i>	<b>At 30 June 2023 RMB'000 (Unaudited)</b>	At 31 December 2022 RMB'000 (Audited)
Bank loans			
– secured		–	7,500
– unsecured	14(a)	–	10
		–	7,510
Other borrowings			
– unsecured	14(b)	<b>15,152</b>	25,035
		<b>15,152</b>	32,545

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 14. INTEREST-BEARING BORROWINGS *(continued)*

### (a) Bank loans

The bank loans are repayable:

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Within 1 year or on demand	–	2,810
After 1 year but within 2 years	–	4,700
After 2 years but within 5 years	–	–
	–	4,700
	–	7,510

### (b) Other borrowings

At the end of the reporting period, the Group's other borrowings are unsecured, interest-bearing at rates ranging from 10% to 24.0% per annum and repayable within twelve months.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 15. CONVERTIBLE BONDS

The Company issued USD settled convertible bonds (the “Bonds”) at an aggregate principal amount of USD10,000,000 with interest rate of 10% per annum on 27 July 2018.

### The principal terms of the Bonds

- (i) Denomination of the Bonds – The Bonds are denominated and settled in USD.
- (ii) Maturity date – The third anniversary of the date of issuance, which is 27 July 2021.
- (iii) Interest – The Bonds carry interest at 10% per annum, accrued on a daily basis, of which 3% shall be paid in cash semi-annually in arrears and 7% should be paid in cash upon redemption or maturity.
- (iv) Security – The obligations of Company in respect of the Bonds are secured by the share charge of Comtec Solar (Hong Kong) Limited and Future Energy Capital Group Limited.

- (v) Conversion

- (a) Conversion price – The conversion price is HKD0.174 per share, subject to adjustments.

Upon the completion of the share consolidation on 28 August 2019, the conversion price has been increased to HKD0.696 per share.

- (b) Conversion period – The bondholder shall have the right, on any business day after the date of issuance until and including the seventh business day immediately preceding the maturity date, to convert the whole or part of the outstanding principal amounts of the Bonds.
  - (c) Number of conversion shares issuable – The number of conversion shares to be issued shall be calculated based on the principal amount of the Bonds being converted and the conversion price applicable on the relevant conversion date. No fraction of a share shall be issued on conversion of the Bonds.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 15. CONVERTIBLE BONDS *(continued)*

### The principal terms of the Bonds *(continued)*

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

The Company received the conversion notices from the subscriber for the exercise of the conversion rights attached to the Bonds in respect of the aggregate principal amount of USD2,000,000 and USD2,000,000 on 5 March 2021 and 18 March 2021 respectively. Pursuant to the conversion price of HKD0.696 per conversion share which is the adjusted conversion price after implementation of the share consolidation on 28 August 2019, a total number of 22,556,896 and 22,556,896 conversion shares have been issued to the subscriber on 5 March 2021 and 18 March 2021 respectively.

As at 30 June 2023, the Bonds of the aggregate principal amount of USD6,000,000 is overdue.

The movements of the debt and derivative components of the Bonds for the year are set out below:

	<b>Debt component</b>	<b>Derivative component</b>
	RMB'000	RMB'000
At 1 January 2022 (Audited)	38,254	–
Exchange difference	3,533	–
At 31 December 2022 and 1 January 2023 (Audited)	<b>41,787</b>	–
Exchange difference	<b>1,568</b>	–
At 30 June 2023 (Unaudited)	<b>43,355</b>	–

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 16. SHARE CAPITAL

	At 30 June 2023		At 31 December 2022	
	No. of shares (Unaudited)	HKD'000 (Unaudited)	No. of shares (Audited)	HKD'000 (Audited)
<b>Authorised:</b>				
Ordinary shares of HK\$0.004 each	1,900,000,000	7,600	1,900,000,000	7,600
<b>Issued and fully paid:</b>				
At the beginning of period/year	791,709,002	3,167	791,709,002	3,167
Share subscriptions (note)	109,872,610	439	–	–
At the end of the period/year	901,581,612	3,606	791,709,002	3,167
<b>Presented in RMB:</b>		<b>At 30 June 2023 RMB'000 (Unaudited)</b>		<b>At 31 December 2022 RMB'000 (Audited)</b>
Ordinary shares		3,153		2,752

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Note: The Company has completed two share subscriptions on 30 June 2023 to settle certain liabilities of approximately HK\$17,250,000 (equivalent to approximately RMB15,956,250) of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 17. SHARE-BASED COMPENSATION

### (a) Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years from 2 October 2009, after which no further options will be granted or offered. The Share Option Scheme expired on 1 October 2019.

Set out below are the details of movements of the outstanding options granted under the Share Option Scheme during the six months ended 30 June 2023 and the year ended 31 December 2022:

Date of grant	2022				2023					
	At 1 January 2022	Cancelled	Lapsed	At 31 December 2022	Exercise price (HKD)	At 1 January 2023	Cancelled	Lapsed	At 30 June 2023	Exercise price (HKD)
15 June 2018	5,321,544	-	-	5,321,544	0.604	5,321,544	-	-	5,321,544	0.604
2 May 2017	5,475,000	-	-	5,475,000	1.340	5,475,000	-	-	5,475,000	1.340
9 September 2016	4,500,000	-	-	4,500,000	2.240	4,500,000	-	-	4,500,000	2.240
25 November 2015	10,650,000	-	-	10,650,000	2.944	10,650,000	-	-	10,650,000	2.944
26 June 2015	5,000,000	-	-	5,000,000	6.000	5,000,000	-	-	5,000,000	6.000
31 March 2014	225,000	-	-	225,000	5.544	225,000	-	-	225,000	5.544
30 September 2013	1,005,000	-	-	1,005,000	7.480	1,005,000	-	-	1,005,000	7.480
27 December 2012	1,212,500	-	(1,212,500)	-	5.048	-	-	-	-	5.048
28 June 2012	12,500	-	(12,500)	-	3.920	-	-	-	-	3.920
	33,401,544	-	(1,225,000)	32,176,544		32,176,544	-	-	32,176,544	

All of the above options are fully vested and exercisable as at 30 June 2023 and 31 December 2022.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 17. SHARE-BASED COMPENSATION *(continued)*

### (b) New Share Option Scheme

Set out below are the details of movements of the outstanding options granted under the New Share Option Scheme during the six months ended 30 June 2023:

Date of grant	1 January 2022	Exercise	Cancelled	Lapsed	At
					31 December 2022, 1 January 2023 and 30 June 2023
29 May 2019	22,982,956	-	-	-	22,982,956
Exercise price (HKD)	0.280				0.280
Exercisable	22,982,956				22,982,956

The Group did not recognise any expenses for the six months ended 30 June 2023 and 2022 in relation to the share options granted by the Company under the New Share Option Scheme.

## 18. PLEDGED OF ASSETS

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Buildings	117	204
Leasehold land	673	21,223
Plant and machinery	1,548	8,728
Investment properties	34,896	37,165
Bank deposits	45,093	113,287
	<b>82,327</b>	<b>180,607</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period for the six months ended 30 June 2023

## 19. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the six months ended 30 June 2023 was as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Short-term employee benefits	1,586	663
Post-employment benefits	–	–
	<b>1,586</b>	663

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

## 20. LITIGATION

On 27 April 2021, the Company received a writ of summons issued in the High Court of the Hong Kong Special Administrative Region Court of First Instance by the solicitors acting for Putana Limited, as the plaintiff (the "Plaintiff"), against the Company for the sum approximately of US\$513,000 (equivalent to RMB3,443,000) of the reminded outstanding other borrowings as at 14 December 2020, being money payable by the Company to the Plaintiff for other borrowings by the Plaintiff for the Company.

## DEFINITIONS

“AGM”	the Annual General Meeting held on on 30 June 2023
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board” or “Board of Directors”	the board of Directors
“Company”	Comtec Solar Systems Group Limited
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of US\$10.0 million due 2021 with interest rate per annum of 10.0% issued by the Company to Putana Limited, a company incorporated under the laws of British Virgin Islands and an independent third party, and such issuance was completed and closed on 31 July 2018
“Corporate Governance Code” or “CG Code”	Code on corporate governance practices contained in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the certain properties in Shanghai comprise of two land use rights and seven factory buildings
“Fonty”	Fonty Holdings Limited, a company incorporated under the laws of the British Virgin Islands
“Framework Agreement”	A strategic cooperation framework agreement which the Company entered with Jiangsu Changzhou Tianning Economic Development Zone Management Committee and Changzhou Tianning Investment Service Centre on 16 March 2021
“Group”	the Company and its subsidiaries
“HK\$ ” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons

## DEFINITIONS

“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
“Mr. Zhang” or “Mr. John Yi Zhang”	Mr. John Yi Zhang, an executive Director and the chairman of the Board
“MW”	megawatt, which equals 106 Watt
“Period”	The six months ended 30 June 2023
“PRC” or “China”	the People’s Republic of China which, for the purpose of this report, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	Ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Share Consolidation”	the share consolidation of every four issued and unissued Unconsolidated Shares into one (1) Share
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Unconsolidated Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company prior to the Company’s share consolidation which took effect on 28 August 2019
“USD”	United States dollars, the lawful currency of the United States of America
“*”	For identification only
“%”	per cent