卡姆丹克太陽能系統集團有限公司
Comtec Solar Systems Group Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 712)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

HIGHLIGHTS

- Revenue for the Year was approximately RMB144.6 million, representing a year-on-year increase of 289.5% from approximately RMB37.1 million for the year ended 31 December 2022;
- Gross profit for the Year was approximately RMB20.6 million, representing a year-on-year increase of 163.5%, from approximately RMB7.8 million for year ended 31 December 2022;
- Gross profit margin for the Year was approximately 14.2%, comparing to gross profit margin of 21.0% for the year ended 31 December 2022;
- Net profit attributable to the owners of the Company for the Year was approximately RMB44.5 million, from approximately RMB55.8 million loss for the year ended 31 December 2022;
- Net profit margin attributable to the owners of the Company for the Year was approximately 30.7%, comparing to net loss margin of 150.3% for the year ended 31 December 2022;
- Basic earning per share *(basic)* for the Year was RMB5.25 cents (2022: loss per share RMB7.05 cents).
- The Group has significantly improved its financial position. As at 31 December 2023, the Group's total liabilities was approximately RMB341.5 million, having reduced from the total liabilities of approximately RMB467.1 million as at 31 December 2022. The gearing ratio (total liabilities divided by total equity) as at 31 December 2023 was 2.5, decreasing from the gearing ratio of 2.8 as at 31 December 2022.

ANNUAL RESULTS

The Board is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2023 ("**the year**"), together with the comparative figures for the corresponding year in 2022. These results have been reviewed by the Company's audit committee, comprising all the independent non-executive Directors, with one of them chairing the committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*4*	**144,645**	37,140
Cost of sales and services		**(124,061)**	(29,329)
Gross profit		**20,584**	7,811
Other income	*5*	**6,927**	13,280
Other net gains (losses)	*6*	**64,464**	(26,297)
Selling and distribution expenses		**(2,219)**	(4,628)
Administrative expenses		**(30,580)**	(35,732)
Research and development expenses		**(1,158)**	(3,400)
Impairment loss on:			
– financial assets, net of reversal		**(5,493)**	24,243
– goodwill		**–**	(6,573)
– property, plant and equipment		**(667)**	(2,878)
Finance costs	*7*	**(14,032)**	(14,017)
Profit (loss) before taxation		**37,826**	(48,191)
Income tax credit (expense)	*8*	**5,132**	(2,498)
Profit (loss) for the year		**42,958**	(50,689)
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Change in fair value of equity instruments designated at fair value through other comprehensive income ("FVTOCI")		**1,373**	–
Other comprehensive income for the year		**1,373**	–
Total comprehensive income (expense) for the year		**44,331**	(50,689)

	Notes	**2023**	2022
		RMB'000	*RMB'000*
Profit (loss) for the year attributable to:			
Owners of the Company		**44,456**	(55,805)
Non-controlling interests		**(1,498)**	5,116
		42,958	(50,689)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**45,156**	(55,805)
Non-controlling interests		**(825)**	5,116
		44,331	(50,689)
		RMB cents	*RMB cents*
Earnings (loss) per share			
– Basic	*10*	**5.25**	(7.05)
– Diluted	*10*	**5.25**	(7.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		**26,177**	31,842
Investment properties		**42,660**	45,093
Intangible assets		**–**	–
Financial assets at fair value through other comprehensive income		**2,873**	–
Goodwill		**–**	–
Deferred tax assets		**3,672**	–
		75,382	76,935
Current assets			
Inventories		**1,588**	3,084
Trade receivables	*11*	**47,485**	5,973
Deposits, prepayment and other receivables		**64,296**	68,848
Assets held for sales		**–**	125,358
Pledged bank deposits		**–**	204
Cash and cash equivalents		**18,286**	22,544
		131,655	226,011
Current liabilities			
Trade payables	*12*	**91,977**	50,132
Other payables and accruals		**138,425**	90,959
Contract liabilities		**3,305**	3,577
Deposit received		**–**	179,500
Interest-bearing borrowings		**20,135**	27,845
Loans from shareholders		**2,084**	4,761
Tax liabilities		**5,915**	5,863
Deferred income		**4,173**	4,173
Consideration payable		**5,130**	5,130
Lease liabilities		**3,901**	4,542
Convertible bonds		**14,107**	41,787
		289,152	418,269
Net current liabilities		**(157,497)**	(192,258)
Total assets less current liabilities		**(82,115)**	(115,323)

	2023	2022
	RMB'000	*RMB'000*
Non-current liabilities		
Interest-bearing borrowings	**34,462**	4,700
Deferred tax liabilities	**1,746**	15,278
Deferred income	**4,810**	8,983
Lease liabilities	**11,310**	19,869
	52,328	48,830
NET LIABILITIES	**(134,443)**	(164,153)
CAPITAL AND RESERVES		
Share capital	**3,153**	2,752
Reserves	**(136,789)**	(166,188)
Equity attributable to owners of the Company	**(133,636)**	(163,436)
Non-controlling interests	**(807)**	(717)
TOTAL DEFICIT	**(134,443)**	(164,153)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

Comtec Solar Systems Group Limited ("**the Company**") is a public limited company incorporated in the Cayman Islands, and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 30 October 2009. Its immediate holding and ultimate holding company is Fonty Holdings Limited ("**Fonty**"), a company incorporated in the British Virgin Islands with limited liability. Its ultimate controlling party is Mr. John Yi Zhang ("**Mr. Zhang**") who is the chairman and a director of the Company. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of principal place of business of the Company is Level 9 & 11, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong changed to RM2301-02, 23/F, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wan Chai, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to the "**Group**") are principally engaged in research, production and sales of efficient mono-crystalline products, power storage products and lithium battery products and the provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations and provision of logistics services to factories, manufacturers, raw material providers.

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

2. BASIS OF PREPARATION

All financial information presented in RMB are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS Accounting Standards**") issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention except for financial assets at FVTOCI, certain investment properties and convertible bonds that are measured at fair values at the end of each reporting period. The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the years ended 31 December 2023 and 2022. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Going concern assessment

As at 31 December 2023, the Group had net current liabilities and net liabilities of approximately RMB157,497,000 and RMB134,443,000 respectively. Notwithstanding the above results, the 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.

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;

- The another shareholder 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 made an investment in a flywheel-lithium iron phosphate battery hybrid energy storage system and advanced a shareholders' loan in the amount of RMB8,500,000 to improve profitability;

- The Group intends to acquire a company which operates a logistics cloud technology platform that provides transportation management system, IoT product, logistics financial products, and different one-stop solutions catering to the varying needs of customers in the PRC to enhance the Group's existing business and improve profitability;

- 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; and

- The Group is adopting strict control of operating and investing activities.

The directors of the Company believe that, taking into account the above plans and measures, the Group will have sufficient working capital to satisfy its present requirements for the year ending 31 December 2024. However, should the Group fails to achieve the above-mentioned plans and measures, the Group may be unable to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to state them at their recoverable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively. The effect of these adjustments have not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

In the current year, the Group has applied, for its first time, the following standard and amendments which are effective for the Group's financial year beginning 1 January 2023.

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

Except as described below, the application of the new standards and amendments in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group's financial performance and positions, but has affected the disclosures of accounting policies.

New standards and interpretations issued but not yet effective

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

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of liabilities as Current or Non-current[1]
Amendments to IAS 1	Non-current Liabilities with Covenants[1]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[1]
Amendments to IAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after a date to be determined

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

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in provision of consulting services for investment, development, construction and operation of solar photovoltaic power stations and production and sales of efficient mono-crystalline and power storage products. Also, the Group is providing logistic 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:

	2023	2022
	RMB'000	*RMB'000*
Solar and power storage		
Power generation	**14,780**	12,269
Power storage (sales and production)	**11,232**	12,731
EPC consulting		
– photovoltaic power stations	**7,196**	12,140
– power storage companies	**21,611**	–
	28,807	12,140
Logistics	**89,826**	–
Total	**144,645**	37,140

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

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

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

(b) Segment reporting

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

- "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 and mono-crystalline products.

- Logistics services – Provision of logistics services to factories, manufacturers, raw material providers in the PRC, primarily in the Jiangsu Province.

After carefully reviewing the Group's strategic position in its production and sales of efficient mono-crystalline business, the management consider that the scale of this segment is insignificant after the disposal of subsidiary and no longer to carrying out of the production and sales of mono-crystalline business. Accordingly, the Group decided to combine two reportable operating segment to "solar and power storage" which including mono-crystalline business and described above for better presentation.

During the year, the Group's long-developing logistic business which has commenced generating revenue. The reportable operating segment is revised to separately present logistic business as described above. As considering the scale of logistic business is insignificant in prior year, the reportable operating segment for prior year is not presented in this regard.

(i) *Segment revenue and results*

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

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

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below.

For the year ended 31 December 2023

	Solar and power storage *RMB'000*	**Logistics services** *RMB'000*	**Total** *RMB'000*
Disaggregated by timing of revenue recognition			
Point in time	**11,232**	**–**	**11,232**
Over time	**43,587**	**89,826**	**133,413**
Total revenue	**54,819**	**89,826**	**144,645**
Segment profit (loss)	**11,323**	**(1,007)**	**10,316**
Unallocated income			**71,391**
Unallocated corporate expenses			**(31,133)**
Unallocated finance costs			**(12,917)**
Impairment loss on financial assets, net of reversal			**169**
Profit before taxation			**37,826**

For the year ended 31 December 2022

	Mono-crystalline and solar products *RMB'000*	Solar and power storage *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition			
Point in time	–	23,908	23,908
Over time	–	13,232	13,232
Total revenue	–	37,140	37,140
Segment (loss) profit	(100)	6,994	6,894
Unallocated income			21,549
Unallocated corporate expenses			(65,635)
Unallocated finance costs			(12,094)
Impairment loss on financial assets, net of reversal			1,095
Loss before taxation			(48,191)

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

(ii) *Segment assets and liabilities*

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

Segment assets

	2023 ***RMB'000***	2022 *RMB'000*
Mono-crystalline and solar products	**–**	1,952
Solar and power storage	**78,007**	148,774
Logistics services	**26,156**	–
Total segment assets	**104,163**	150,726
Corporate and other assets	**102,874**	152,220
Total assets	**207,037**	302,946

Segment liabilities

	2023 *RMB'000*	2022 *RMB'000*
Mono-crystalline and solar products	**–**	4,796
Solar and power storage	**45,642**	45,087
Logistics services	**26,990**	–
Total segment liabilities	**72,632**	49,883
Corporate and other liabilities	**268,848**	417,216
Total liabilities	**341,480**	467,099

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, investment properties, intangible assets, assets held for sales, 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, deposit received, unallocated interest-bearing borrowings, convertible bonds, consideration payable, deferred tax liabilities and other corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment liabilities.

(iii) *Other segment information*

For the year ended 31 December 2023

	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	**7,419**	**–**	**1,248**	**8,667**
Impairment loss (reversal of impairment loss) on financial assets	**3,106**	**2,556**	**(169)**	**5,493**
Impairment loss on property, plant and equipment	**667**	**–**	**–**	**667**
Loss on written-off of property, plant and equipment	**21**	**–**	**–**	**21**
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss of segment assets:				
Finance costs	**1,115**	**–**	**12,917**	**14,032**
Income tax expenses (credit)	**136**	**77**	**(5,345)**	**(5,132)**

For the year ended 31 December 2022

	Mono-crystalline and solar products *RMB'000*	Solar and power storage *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts include in the measure of segment profit or loss of segment assets:				
Depreciation and amortisation	48	9,336	4,419	13,803
Reversal of impairment loss on financial assets	–	(23,148)	(1,095)	(24,243)
Loss on written-off of property, plant and equipment	34	–	1,538	1,572
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss of segment assets:				
Finance costs	–	1,923	12,094	14,017
Income tax expenses	–	46	2,452	2,498

(iv) *Geographic information*

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

(v) *Information about major customers*

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

	2023 **_RMB'000_**	2022 *RMB'000*
Customer A	**N/A***	10,816
Customer B	**N/A***	11,327
Customer C	**56,307**	N/A*
Customer D	**24,362**	N/A*
	80,669	22,143

Note: Revenue from customer A and B are generated from solar and power storage products segment.

* *The corresponding revenue from Customer did not contribute over 10% of the total revenue of the Group.*

5 OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Release of deferred income	**4,173**	4,173
Government grant *(note)*	**–**	6,086
Interest income	**561**	130
Rental income	**2,192**	2,777
Others	**1**	114
	6,927	13,280

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

6 OTHER NET GAINS (LOSSES)

	2023	2022
	RMB'000	*RMB'000*
Compensation for termination of contract	**–**	(6,507)
Fair value (loss) gain on investment properties	**(2,433)**	3,187
Fair value loss on assets held for sale	**–**	(17,262)
Gain on disposal of properties *(note)*	**68,129**	19
Loss on written-off of property, plant and equipment and inventories	**(21)**	(1,572)
Net foreign exchange loss	**(1,148)**	(9,094)
Gain on lease modification	**90**	–
Waiver of other payables	**–**	5,064
Others	**(153)**	(132)
	64,464	(26,297)

Note: As part of the Group's strategy of removing the capital-intensive, less efficient upstream business, on 1 June 2022, the Company's 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.

7 FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest on bank borrowings	**204**	685
Interest on other borrowings	**5,845**	4,662
Interest on loans from shareholders	**266**	168
Interest on lease liabilities	**1,409**	1,237
Interest on convertible bonds *(note)*	**6,308**	7,265
	14,032	14,017

Note: Imputed interest included.

8 INCOME TAX (CREDIT) EXPENSE

	2023	2022
	RMB'000	*RMB'000*
Current tax – PRC Enterprise Income Tax		
Under-provision in respect of prior years	**213**	46
Deferred taxation	**(5,345)**	2,452
	(5,132)	2,498

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group's operation in Hong Kong had no assessable profits for the years ended 31 December 2023 and 2022.

PRC subsidiary is subject to PRC Enterprise Income Tax ("**EIT**") at 25%. No provision the PRC Enterprise Income Tax has been made as the subsidiary incorporated in the PRC had no assessable profits arising in the PRC for the years ended 31 December 2023 and 2022.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI for the years ended 31 December 2023 and 2022.

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

9 DIVIDENDS

No dividend was paid, declared or proposed during the years ended 31 December 2023 and 2022.

10 EARNINGS (LOSS) PER SHARE

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

	2023	2022
	RMB'000	*RMB'000*
Profit (loss)		
Profit (loss) for the year attributable to owners of the Company	**44,456**	(55,805)

	2023	2022
Number of shares		
Weighted average number of ordinary shares	**847,096,838**	791,709,002

The computation of diluted earnings (loss) per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for both 2023 and 2022.

11 TRADE RECEIVABLES

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

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**46,446**	5,870
1 to 2 months	**528**	35
2 to 3 months	**113**	22
3 to 6 months	**233**	46
Over 6 months	**165**	–
	47,485	5,973

12 TRADE PAYABLES

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

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**19,593**	4,845
1 to 2 months	**4,399**	46
2 to 3 months	**13,836**	21
3 to 6 months	**4,646**	128
6 months but within 1 year	**5,439**	1,203
Over 1 year	**44,064**	43,889
	91,977	50,132

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

13 EVENT AFTER REPORTING PERIOD

According to the subscription agreement dated 30 June 2023, the Company will allot 158,341,800 ordinary shares in total and the transaction had been completed in February 2024. For details, please refer to the Company's announcement dated 30 June 2023.

BUSINESS REVIEW

During the year ended 31 December 2023 (the "**Year**"), the Group principally engaged in the solar and power storage business and the business of provision of logistics services. In the solar and power storage business, the Group focused on (1) consulting services for investment, engineering, procurement, construction, 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 businesses 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 industrialists from a variety of locations across Mainland China, such as Shanghai, Suzhou and Nanning. In addition, the Group continue to retain ownership for some of these power stations as an investment for a stable long-term power generation income in the next 25 to 30 years. In February 2023, the construction and development of one of these investments in Shanghai has been completed and successfully connected to the power grid. The project has commenced its operation and brought to the Group new power generation income since then. However, such increase is partially offset by the decrease in power generated in other existing rooftop distributed power generation projects, primarily due to the weak global economy and slow industrial productions for PRC industrial products during the Year. In the first half of the Year, our lithium battery power storage systems was facing weak demand and strong domestic competition. However, we observed a recovery in the number of purchase orders received in the second half of the Year and the overall performance was similar to prior year ended 31 December 2022.

Persevering in developing its existing core businesses, the Group ventured into a new power storage technology for renewable energy during the Year. The Group, through its subsidiary, invested, by both equity and debt, into a flywheel-lithium iron phosphate battery hybrid energy storage system (the "**FLBH Energy System**") in Yongji City, Shanxi, PRC in December 2023. The FLBH Energy System is a breakthrough in the application of hybrid energy storage in the field of stand-alone off-grid energy storage, and is an application with high demand in the new energy industry in the PRC. The FLBH Energy System can serve as a complementary support to the existing stand-alone energy storage facilities, and will further improve the level of clean energy consumption, and enhance the peak load capacity of the regional power grids around the PRC. The Directors considered this investment represents an opportunity for the Group to capture the future development opportunities of the new energy market in the PRC, facilitate collaboration with parties that, similar to the Group, have proven track record in new energy business and enable the Group to expand and extend its reach in flywheel energy storage business. It is expected that the investment will create a foundation for the Group's future growth, thereby diversifying business risk of the Group and maximising Shareholders' interests in the long term.

Since back in year 2020, in the midst of the COVID-19 pandemic, the Directors were developing a logistics services business for the Group which, among others, handled the transportation of mono-crystalline products and other power storage products. The importance of providing stable logistics services 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 services business, being established in one of the most vibrant new energy economic hub, Changzhou, has helped both internal and external customers to stablise supplies, improve supply chain efficiency and support production. In this business, we provide logistic services to factories, manufactures, raw materials providers in the PRC, primarily in the Jiangsu Province by helping upstream manufactures to transport their goods, components and working progress, to downstream manufactures by our own fleet of lorries or our partners' fleet of trains, lorries or other land transportations. During the Year, the Group's revenue from logistics services business achieved a breakthrough and the revenue from external customers from this segment increased significantly during the Year. Embracing technology and disruptions, the Group has on 29 December 2023 announced that subject to satisfactory due diligence result, in December 2023 to acquire the controlling stake of Changzhou Zhilian Cloud, a company which operates a logistics cloud technology platform that provides transportation management system, IoT product, logistics financial products, and different one-stop solutions catering to the varying needs of customers at a consideration of RMB20 million. The Group considered that the Changzhou Zhilian Cloud has an established platform in the fast-growing smart logistics industry and the directors anticipated that the Group can leverage on the intelligent logistics solutions of Changzhou Zhilian Cloud to speed up the development of the Group's logistics business, improve the existing logistics services business structure, costing and operation flows. Thus, improving the profit from this segment and enhancing the Group's competitiveness in the logistics industry for the Group's long-term growth. The acquisition is expected to complete in the first half of 2024.

The year 2023 has been marked by more than just the events that transpired; it has been a year of noteworthy achievements for the Group, as we (i) maintained ourselves in our existing business despite the intense competitions; (ii) successfully seized diversification opportunities in both enabling technologies available to us and the types of services provided; and (iii) positioned ourselves for future growth. The Directors anticipate that the global commercial landscape will continue to be shaped by the prevailing environmental, social, and governance ("**ESG**") trends, and the new energy storage industry in the People's Republic of China ("**PRC**") will maintain its significant growth potential. This bodes well for our Group's solar and power storage business, which stands to benefit from this ongoing trend. Furthermore, our previous foray into the logistics services sector has yielded fruitful results, opening up a plethora of exciting growth prospects in the years to come. The Directors hold a steadfast belief that our profitability will continue to flourish, exhibiting diverse and sustained growth in the future.

FINANCIAL REVIEW

Revenue

The total revenue from all income streams increased, year on year, by RMB107.5 million, or 289.5%, from RMB37.1 million for the year ended 31 December 2022 to RMB144.6 million for the Year. The increase was attributable to the breakthrough in the logistics services business and the revenue from external customers from this segment increased significantly during the Year.

Revenue from our solar and power storage segment mainly included (1) EPC consulting services income for design, installation and construction of photovoltaic power stations and power storage companies, (2) power generation income from photovoltaic power stations and (3) sales of lithium battery power storage products. The revenue from this business amounted to RMB54.8 million, representing an increase, year on year, by RMB17.7 million, or 47.6%, from RMB37.1 million for the year ended 31 December 2022. The increase is primarily due to more EPC projects engaging the Group leading to an increase in EPC consulting services income and the new power generation income from photovoltaic power station built and connected to grid in February 2023. The increase is partially offset by the decrease of purchase orders received for our lithium battery power storage systems in the first half of the Year.

Cost of sales and services

Cost of sales and services increased by 323% from RMB29.3 million for the year ended 31 December 2022 to RMB124.1 million for the Year mainly due to the increase in logistic services revenue.

Gross profit

During the Year, the Group recorded gross profit of approximately RMB20.6 million, representing an increase of approximately 163.5% from the gross profit of approximately RMB7.8 million for the year ended 31 December 2022. The increase is mainly in line with the increase in revenue in solar and power storage business and the logistic business.

Other income

Other income for the Year was approximately RMB6.9 million, representing a decrease of approximately RMB6.4 million, or 47.8%, from RMB13.3 million for the year ended 31 December 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”.

Other gains or losses

Other gains were approximately RMB64.5 million for the Year, representing an increase by 345.1% from other losses of approximately RMB26.3 million during the year ended 31 December 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 and was used partly as investment properties and partly as manufacturing facility 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 Year. The proceeds were used to repay the borrowings of the Group during both 2022 and the Year.

The Group reported an impairment loss on financial assets of approximately RMB5.5 million (2022: the reversal of the impairment loss of RMB24.2 million) during the Year, which was mainly due to the improvement in receivable collection and reversal of allowance for expected credit losses during the Year.

Selling and distribution expenses

Selling and distribution expenses decreased by RMB2.4 million, or 52.1%, from RMB4.6 million for the year ended 31 December 2022 to RMB2.2 million for the Year, primarily due to cost control measures implemented by management in the second half of the year.

Administrative and general expenses

Administrative and general expenses decreased by RMB5.2 million, or 14.4%, from RMB35.7 million for the year ended 31 December 2022 to RMB30.6 million for the Year due to the decrease in depreciation, attrition in response to significant drop in purchase orders received and other stringent costs control measures in place.

Research and development expenses

Research and development expenses decreased slightly by RMB2.2 million, or 65.9%, from RMB3.4 million for the year ended 31 December 2022 to RMB1.2 million for the Year primarily due to the stringent cost control measures implemented by the Group in response to the difficult macroeconomy.

Finance costs

Interest expenses amounted to RMB14.0 million and RMB14.0 million for the Year and 31 December 2022 respectively. The finance costs were similar year on year as the decrease in interest expenses due to partial repayment of loans and borrowings in 2023 was offsetted by the appreciation of USD against RMB for the interests owed to loans raised outside of PRC denominated in USD or HKD.

Profit/Loss before taxation

Profit before taxation was approximately RMB37.8 million for the Year, increased by RMB86.0 million, or 178.5%, from the loss of approximately RMB48.2 million for the year ended 31 December 2022, due to the aforementioned factors.

Taxation

The Group recorded income tax credit of approximately RMB5.1 million during the Year, decreasing from tax expense of approximately RMB2.5 million for the year ended 31 December 2022 by RMB7.6 million or 305.4%. The decrease was primarily in line with the profitability of our core businesses.

Profit/Loss for the Period

The Group recorded a profit and total comprehensive income of approximately RMB44.3 million during the Year, while the Group recorded a loss and total comprehensive expense of approximately RMB50.7 million for the year ended 31 December 2022.

Final dividend

The Board resolved not to declare final dividend for the Year (2022: nil).

Liquidity and financial resources

The Group funds its business and working capital requirements by using a balanced mix of internal resources, borrowings and funds from the Company's equity fund raising exercises. As at 31 December 2023, the Group's current ratio (current assets divided by current liabilities) slightly decreased to 0.46 (31 December 2022: 0.54) and it was in a net debt position (being sum of borrowings, loan from shareholders, consideration payable, lease liabilities and Convertible Bonds, less bank balances and cash) of approximately RMB72.8 million on 31 December 2023 (31 December 2022: RMB86.1 million). The gearing ratio (total liabilities divided by total equity) was 2.5 (31 December 2022: 2.8). The Group had a working capital deficit (total consolidated current liabilities exceeded total consolidated current assets) of RMB157.5 million as of 31 December 2023 (31 December 2022: approximately RMB192.3 million). Also, the Group recorded net liabilities of approximately RMB134.4 million as of 31 December 2023 (31 December 2022: net liabilities of approximately RMB164.2 million).

Over the past few years, in order to release our liquidity stress, the Group has resolved different approaches including but not limited to reducing our cost of operation in all aspects, greater endeavor to obtain both long-term and short-term credit facilities; with the recent proposed disposal of low utilising properties, it is expected that the proceeds can reduce our debts and improve the working capital of the Group for a period of time. The Group, inevitably, remains to make the biggest efforts to strengthen our financial position and enhance the cash flow by any ways including exploring collaborations with institutional investors, introduction of new strategic investors and pursuing growth through considering possible and adequate fund raising, financial restructuring, M&A and partnerships.

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.

Subsequent to the year-end, on 28 February 2024, the Company has completed the three subscription agreements ("**June 2023 Subscription Agreements**") entered into with China Success Investment Group Limited ("**China Success**"), Mr. Wu Jun ("**Mr. Wu**") and Ms. Zhao Xiaoqun ("**Ms. Zhao**") on 30 June 2023 with 58,821,657 subscription Shares, 31,543,827 subscription Shares and 67,976,316 subscription Shares were issued and allotted to China Success, Mr. Wu and Ms. Zhao respectively on 28 February 2024, at the issue price of HK$0.105 per subscription share. The loans owned to China Success and Ms. Zhao of approximately HK$6,176,274 and HK$1,240,000 were deemed to have been fully repaid upon completion of the aforementioned subscription agreements. The cash proceeds raised from Mr. Wu and Ms. Zhao, after deduction of the relevant expenses, were HK$3,132,285 and HK$5,577,330. The market price of the subscription shares was HK$0.162 as quoted on the Stock Exchange on 28 February 2024. The Directors consider that the completion of the June 2023 Subscription Agreements on February 2024 will further reduce the debts and improve the financial position of the Group.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, on the date of June 2023 Subscription Agreements, each of China Success, Mr. Wu and Ms. Zhao is not connected person (as defined in the Listing Rules) of the Company, 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.

Subsequent to year-end on 28 February 2024, each of China Success, Mr. Wu and Mr. Zhao is interested in approximately 9.91%, 8.98% and 6.41% of the enlarged issued share capital of the Company.

The Directors are aware that the Group had net current liabilities and net liabilities of approximately RMB157,497,000 and RMB134,443,000 as at 31 December 2023 respectively, which included current interest-bearing borrowings, convertible bonds and interest payables with carrying amounts of approximately RMB20,135,000, RMB14,107,000 and RMB56,603,000 respectively as described in note 1 to the consolidated financial statements. On the other hand, however, the Group has made a net profit of approximately RMB42,958,000 for the Year and after assessing the above results, Prism Hong Kong and Shanghai Limited ("**Prism**"), the Company's auditor, casted doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. Based on the above, Prism has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Group's financial statements (the "**Disclaimer of Opinion**"). For details of the Management's view on the Disclaimer of Opinion and Prism's basis for the Disclaimer of Opinion, please refer to the paragraph headed "Going concern assessment" under the section headed "Basis of preparation" and note 1 to the consolidated financial statements.

Capital commitments

As at 31 December 2023, there was no capital commitment (31 December 2022: nil). The Group currently has no plan to further expand its production capacity of traditional solar manufacturing business. In addition, the Group would carefully plan for the expansion of its rooftop distributed generation projects, power storage business and the logistic business which would depend on and be subject to the market conditions and opportunities.

Contingent liabilities

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

Charges on group assets

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

MATERIAL ACQUISITIONS AND DISPOSALS

During the Year, save for the Disposal as disclosed in the above paragraph headed "Business Review", which was yet to be completed at the end of the Year, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

SIGNIFICANT INVESTMENT HELD

There were no material investments held by the Group as at 31 December 2022. During the Year, The Company, through its indirectly 51% owned subsidiary, Comtec Energy Storage Technology (Liaoning) Limited ("**Comtec Liaoning**"), invested into 15% equity interests in Shenyang Guoyun Weikong Energy Storage Technology Limited ("**Shenyang Guoyun**"). Shenyang Guoyun, through Yongji Guoyun, being its wholly-owned subsidiary, holds the development project of a flywheel-lithium iron phosphate battery hybrid energy storage system (the "**FLBH Energy System**") in the Economic and Technological Development Zone, Yongji City, Shanxi Province, the PRC. The valuation of such investment is recorded as financial asset with fair value measured through other comprehensive income. As at 31 December 2023, the valuation amounted to amounted to RMB2,881,005 on the consolidated balance sheet of the Group.

On 28 November 2023, Comtec Liaoning, as lender entered into the loan agreement with Shenyang Guoyun, as borrower, pursuant to which, Comtec Liaoning agreed to grant a loan of RMB8.5 million to Shenyang Guoyun, for a term of 36 months from the date of drawdown (i.e. on or before 15 December 2023). The loan is unsecured and it bears interest of 10% per annum.

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.

In addition, as disclosed in the paragraph headed "Business Review" above, the Company announced that on 28 December 2023, the Company entered into a conditional sale and purchase agreement to acquire Changzhou Zhilian Cloud at a consideration of RMB20,000,000 (equivalent to HK$22,000,000) to further invest in and expand its logistics business.

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.

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.

On 3 December 2023, the Company announce that the Company, Sapphire Industry (Hong Kong) Co., Limited ("**Sapphire HK**") and its controlling shareholder (both are independent third parties) have entered into a memorandum of understanding on 2 December 2023, pursuant to which, the parties have agreed to negotiate in good faith with a view to entering into a formal agreement on potential investment in Sapphire HK and/or its projects by the Group.

Sapphire HK is a limited liability company incorporated in Hong Kong and is principally engaged in the investment, construction and operation of photovoltaic distributed power plants through its subsidiaries in Mainland China. Sapphire HK currently holds or invests in several projects in Jiangsu and Zhejiang provinces, with an aggregate installed capacity of over 12 MW and projects in the pipeline of approximately 10 MW. Sapphire HK has been exploring the opportunities to establish joint ventures and/or cooperating with state-owned enterprises and/or listed companies in the development of distributed photovoltaic, wind power and energy storage projects.

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.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**AGM**") will be held on Tuesday, 25 June 2024 and the notice of AGM will be published and despatched in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Thursday, 20 June 2024 to Tuesday, 25 June 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 24 June 2024.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining 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 from code provision A.2.1 of the CG Code, which provides that the roles of chairman and the chief executive should be separated and should not be performed by the same individual.

Following the resignation of Mr. Zhang Zhen in January 2021, the Company has no Chief Executive Officer (the "**CEO**") since then. The daily operation and management of the Company is monitored by the Executive Director and the Chief Operating Officer, Mr. John Yi Zhang ("**Mr. Zhang**") and Mr. Che Xiaoxi ("**Mr. Che**"), Mr. Zhang is the founder of the Group and has been in charge of the overall management of the Company since the listing of the Company in 2009. Meanwhile, Mr. Che is also responsible for the day-to-day management, administration and operation of the Company. The delegated functions and work tasks are periodically reviewed. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of Chairman and Chief Executive Officer is necessary. The Board considers that the current structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of power by the Board. 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 CEO is necessary and to ensure compliance with the statutory requirements and regulations and the CG Code and their corresponding latest development.

Mr. Ma Teng ("**Mr. Ma**") had retired as an independent non-executive director, and ceased to be a member of each of the audit committee, the remuneration committee and the nomination of the Company on 29 September 2022. Following the retirement of Mr. Ma, the Company has two independent non-executive directors and audit committee members, which therefore fell below the minimum requirements of three under Rules 3.10(1) and 3.21 of the Listing Rules respectively.

Pursuant to Rule 3.11 and 3.23 of the Listing Rules, the Company should appoint additional independent non-executive Directors and appropriate members to the Audit Committee within three months after failing to meet the requirements. Despite from the best effort by the Company, the Company failed to identify suitable candidate within the time requirement and additional time is required for the Company to identify potential suitable candidates to fill the vacancy to comply with the relevant requirements under the Listing Rules.

Further announcement(s) will be made by the Company when and as appropriate.

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.

Going forward, the Company will strengthen the implementation of its internal control system and corporate governance in particular in the area of directors' dealing and strive to maintain effective communication within the Board on matters relating to the Company through, including but not limited to, enhancing trainings provided to the directors of the Group and maintaining a close communication with legal and professional advisers in relation to regulatory compliance and corporate governance.

AUDIT COMMITTEE

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

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

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules for the period from the Listing Date to 31 December 2023.

DIVIDEND

The Board did not recommend the payment of a final dividend by the Company for the Period (2022: nil).

PUBLICATION OF AUDITED ANNUAL RESULTS AND ANNUAL REPORT

This audited annual results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (http://www.comtecsolar.com). The annual report of the Company for the Period will be despatched to shareholders of the Company and published on the aforementioned websites in due course.

SCOPE OF WORK OF THE AUDITORS

The figures in respect of this announcement of the Group's results for the Reporting Period have been agreed by the Company's external auditor, Prism Hong Kong and Shanghai Limited, to the amounts set out in the Group's audited consolidated financial statements for the Reporting Period. The work performed by Prism Hong Kong and Shanghai Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Prism Hong Kong and Shanghai Limited on this announcement.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2023 which has included a disclaimer of opinion.

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Comtec Solar Systems Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple fundamental uncertainties relating to going concern

As described in Note 1 to the consolidated financial statements, as at 31 December 2023, the Group had net current liabilities and net liabilities of approximately RMB157,497,000 and RMB134,443,000 respectively, which included current interest-bearing borrowings, convertible bonds and interest payables with carrying amounts of approximately RMB20,135,000, RMB14,107,000 and RMB56,603,000 respectively, of which the principal of approximately RMB14,107,000 are in default.

These conditions, together with other matters described in Note 1 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company (the "**Directors**") have been undertaking a number of measures to improve the Group's liquidity and financial position to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future.

The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) successfully repaying the current interest-bearing borrowings, convertible bonds and interest payables and (ii) the lack of sufficient basis that the improvement of future operating results and cash flows would be realised.

In view of the extent of the material uncertainties relating to the results of those measures to be taken by the Group which might cast significant doubt on the Group's ability to continue as a going concern, we have disclaimed our opinion on the consolidated financial statements.

Should the going concern assumption be inappropriate, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any 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 consolidated financial statements.

APPRECIATION

The Company would like to take this opportunity to express its gratitude to the Group's management and staff who dedicated their endless efforts and devoted services, and to our Shareholders, suppliers, customers and bankers for their continuous support.

DEFINITION

"Board" or "Board of Directors"	the board of Directors
"Company"	Comtec Solar Systems Group Limited
"Convertible Bonds"	the convertible bonds in the aggregate principal amount of US$10.0 million due 2021 with interest rate per annum of 10.0% issued by the Company to Putana Limited, a company incorporated under the laws of British Virgin Islands and an independent third party, and such issuance was completed and closed on 31 July 2018
"Corporate Governance Code"	Code on corporate governance practices contained in the Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$" and "HK cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

"Hong Kong"	The Hong Kong Special Administrative Region of the People's Republic of China
"Kexin"	Zhejiang Kexin Power System Design and Research Company Limited (鎮江科信動力系統設計研究有限公司), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model code for securities transactions by directors of listed issuers contained in Appendix 10 to the Listing Rules
"MW"	megawatt, which equals 106 Watt
"PRC" or "China"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"PV"	Photovoltaic
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	Ordinary share(s) of HK$0.004 each in the share capital of the Company
"Share Consolidation"	the share consolidation of every four issued and unissued Unconsolidated Shares into one (1) Share
"Shareholder(s)"	Shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Unconsolidated Share(s)"	ordinary share(s) of HK$0.001 each in the share capital of the Company prior to the Company's share consolidation which took effect on 28 August 2019
"USD"	United States dollars, the lawful currency of the United States of America
"Year"	the year ended 31 December 2023

"*"	For identification only
"%"	per cent

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

Shanghai, the People's Republic of China, 28 March 2024

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