China Singyes Solar Technologies Holdings Limited
中國興業太陽能技術控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 750)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

The board of directors (the "Directors", collectively referred to as the "Board") of China Singyes Solar Technologies Holdings Limited (the "Company") is pleased to announce the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010 (the "Period").

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Revenue	**688,546**	503,009
Profit before tax	**77,767**	63,476
Income tax expense	**(18,322)**	(10,286)
Profits attributable to owners of the Company	**59,395**	53,140
Gross profit margin	**22.4%**	21.3%
Net profit margin	**8.6%**	10.6%
Earnings per share attributable to ordinary equity holders		
– Basic and diluted	**RMB0.121**	RMB0.125
Interim dividend per share proposed	**Nil**	RMB 0.02

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2010	2009
	Note	***RMB'000***	*RMB'000*
		(unaudited)	*(unaudited)*
Revenue	*3*	**688,546**	503,009
Cost of sales		**(534,082)**	(395,907)
Gross profit		**154,464**	107,102
Other income and gains		**2,004**	1,168
Selling and distribution costs		**(13,171)**	(6,966)
Administrative expenses		**(57,828)**	(31,453)
Finance costs		**(5,318)**	(4,454)
Other expenses		**(2,384)**	(1,921)
Profit before tax	*4*	**77,767**	63,476
Income tax expense	*5*	**(18,322)**	(10,286)
Profit for the period		**59,445**	53,190
Other comprehensive income/(loss) for the period:			
Exchange differences on translation of foreign operations		**(914)**	(71)
Total comprehensive income for the period		**58,531**	53,119
Profit attributable to:			
Owners of the Company		**59,395**	53,140
Non-controlling interests		**50**	50
		59,445	53,190
Total comprehensive income attributable to:			
Owners of the Company		**58,481**	53,069
Non-controlling interests		**50**	50
		58,531	53,119
Earnings per share attributable to ordinary equity holders of the Company			
– Basic and diluted	*6*	**RMB0.121**	RMB0.125

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2010 RMB'000 (unaudited)**	31 December 2009 RMB'000
Non-current assets			
Property, plant and equipment		**146,105**	110,808
Prepaid land lease payments		**1,161**	1,175
Intangible assets		**493**	222
Payments in advance		**12,186**	2,600
Available-for-sale equity investment		**20,959**	21,154
Total non-current assets		**180,904**	135,959
Current assets			
Inventories		**5,919**	8,674
Construction contracts		**71,415**	52,719
Trade receivables	*8*	**518,977**	560,169
Prepayments, deposits and other receivables	*8*	**40,177**	25,338
Pledged deposits		**6,974**	5,700
Cash and cash equivalents		**393,096**	337,236
Total current assets		**1,036,558**	989,836
Current liabilities			
Trade payables	*9*	**48,950**	73,755
Other payables and accruals	*9*	**55,889**	59,443
Interest-bearing bank loans		**99,732**	79,402
Income tax payable		**4,895**	13,632
Total current liabilities		**209,466**	226,232
Net current assets		**827,092**	763,604
Total assets less current liabilities		**1,007,996**	899,563
Non-current liabilities			
Interest-bearing bank loans		**98,039**	53,207
Deferred tax liability	*10*	**11,134**	7,505
Total non-current liabilities		**109,173**	60,712
Net assets		**898,823**	838,851
Equity			
Equity attributable to owners of the Company			
Issued capital	*11*	**33,589**	33,596
Reserves		**845,882**	775,223
Proposed final dividend		**–**	14,730
		879,471	823,549
Non-controlling interests		**19,352**	15,302
Total equity		**898,823**	838,851

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2010

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 24 October 2003 as an exempted company with limited liability. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company in Hong Kong is Unit 3108, 31/F, China Merchant Towers, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Group is principally engaged in the design, manufacturing, supply and installation of conventional curtain walls and building integrated photovoltaic ("BIPV") system. The Group also involves in the production of solar power products. The Group's principal operations and market are located in Mainland China. There were no significant changes in the nature of the Group's principal activities during the Period.

In the opinion of the Directors, the ultimate holding company of the Company is Strong Eagle Holdings Ltd. ("Strong Eagle"), which is incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

The unaudited interim condensed financial information for the Period has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2009.

3. SEGMENT INFORMATION AND REVENUE

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue of construction contracts; the value of services rendered, net of business tax and government surcharges; and invoiced value of goods sold, net of value-added tax and government surcharges, and after allowances for returns and trade discounts.

The Group's revenue and contribution to profit for the Period were mainly derived from the supply of curtain wall and the provision of installation service, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for the purpose of resources allocation and performance assessment. In addition, the principal assets employed by the Group are located in Mainland China. Accordingly, no segment analysis is presented other than entity-wide disclosures.

Entity-wide disclosures

Information about products and services

The following table sets forth the total revenue from external customers by products and services and the percentage of total revenue by products and services during the Period:

	For the six months ended 30 June			
	2010		2009	
	RMB'000	*%*	*RMB'000*	*%*
	(unaudited)		*(unaudited)*	
Construction contracts	**538,181**	**78.2**	460,144	91.5
Sale of goods	**149,498**	**21.7**	42,704	8.5
Rendering of design services	**867**	**0.1**	161	–
	688,546	**100.0**	503,009	100.0

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June			
	2010		2009	
	RMB'000	*%*	*RMB'000*	*%*
	(unaudited)		*(unaudited)*	
Mainland China	**680,231**	**98.8**	480,943	95.6
Outside Mainland China	**8,315**	**1.2**	22,066	4.4
	688,546	**100.0**	503,009	100.0

(b) Non-current assets

	30 June 2010		31 December 2009	
	RMB'000 ***(unaudited)***	*%*	*RMB'000*	*%*
Mainland China	**162,181**	**89.7**	117,242	86.2
Hong Kong	**18,723**	**10.3**	18,717	13.8
	180,904	**100.0**	135,959	100.0

Information about major customers

No revenue from a single external customer accounted for 10% or more of the Group's revenue during the Period.

4. PROFIT BEFORE TAX

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Cost of construction contracts and design services	**421,593**	362,416
Cost of inventories sold	**112,489**	33,491
Depreciation	**4,888**	3,073
Amortisation of prepaid land lease payments	**14**	60
Amortisation of intangible assets	**51**	–
Minimum lease payments under operating leases	**1,642**	545
Research costs	**7,118**	7,763
Auditors' remuneration	**977**	653
Staff costs (including directors' remuneration)	**37,337**	11,889
Reversal of provision for impairment of trade and other receivables	–	(407)
Gain on disposal of items of property, plant and equipment	–	(6)
Transaction costs related to listing of then existing shares	–	570
Exchange losses	**853**	55

5. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Current income tax – Mainland China	**14,693**	7,167
Deferred income tax	**3,629**	3,119
	18,322	10,286

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which members of the Group are domiciled and operate.

The Company is a tax exempted company registered in Bermuda and has registered in Hong Kong as an overseas company. The Company conducts substantially all of its business through its PRC subsidiaries.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period.

On 16 March 2007, the National People's Congress approved the PRC Corporate Income Tax ("CIT") Law (the "New CIT Law"), which became effective on 1 January 2008. The New CIT Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%.

On 26 December 2007, the State Council promulgated "Guo Fa [2007] No. 39-Circular of the State Council on the Implementation of Transitional Preferential Enterprise Income Tax Policies":

(a) from 1 January 2008, for enterprises that enjoy a preferential tax rate of 15%, the tax rate will be transitioned to 25% over five years at rates of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012;

(b) from 1 January 2008, the enterprises that originally enjoyed the preference of regular tax reduction and exemption, will continue to enjoy the original preference in accordance with the preferential measures and terms stipulated by the original tax law, administrative regulations and relevant documents until the expiration of the preference; and

(c) the enterprises entitled to benefit from the transitional preferential policies referred to above shall be enterprises established prior to 16 March 2007 that are registered with an administrative authority such as the Administration of Industry and Commerce.

In accordance with the New CIT Law and Transitional Preferential Enterprise Income Tax policies, except for one PRC subsidiary that is entitled to a preferential tax rate as discussed below, the Group's other PRC subsidiaries are subject to CIT at the standard rate of 25% from 1 January 2009.

Zhuhai Singyes Green Building Technology Co., Ltd. ("Zhuhai Singyes")

Zhuhai Singyes, previously known as Zhuhai Singyes Curtainwall Engineering Co., Ltd., is registered in the Zhuhai Special Economic Zone and enjoyed a preferential tax rate of 15% before 2008. Pursuant to the documents "Zhu Xiang Guo Shui Han [2006] No. 2" issued by the Zhuhai Xiangzhou District Branch of the State Tax Bureau dated 6 January 2006, Zhuhai Singyes, as a production enterprise with foreign investment, is entitled to a full exemption from CIT for the first two years and a 50% deduction in CIT for the next three years, commencing from the first profitable year after offsetting all tax losses carried forward from the previous five years. The first profitable year of Zhuhai Singyes was 2005.

In this connection, Zhuhai Singyes was subject to CIT at a rate of 22% in 2010 and will enjoy the preferential tax rates of 24% in 2011 and 25% in 2012. On 16 December 2008, Zhuhai Singyes was awarded the certificate of High Technologies Enterprise (the "Certificate") by the Guangdong Science and Technology Department, Guangdong Provincial Finance Bureau, Guangdong Provincial Office of the State Administration of Taxation and the Guangdong Provincial Local Taxation Bureau, effective for three years from the date of issuance of the Certificate. In this connection, the CIT rate for Zhuhai Singyes is 15% in 2010.

Pursuant to the New CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from foreign investment enterprises established in the PRC effective from 1 January 2008. Under the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the withholding tax rate for dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is 5% if the Hong Kong enterprise owns at least 25% of the Mainland enterprise. As a result, deferred tax liabilities of RMB3.6 million relating to withholding tax on the distributable profit of Zhuhai Singyes and Zhuhai Singyes Renewable Energy Technology Co., Ltd. ("Singyes Renewable Energy") for the Period have been recognised.

6. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the Period attributable to ordinary equity holders of the Company of RMB59,395,000 (Six months ended 30 June 2009: RMB53,140,000), and the weighted average number of 490,980,663 ordinary shares (Six months ended 30 June 2009: 424,022,099) in issue during the Period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2010 and 2009 as there were no potential ordinary shares outstanding during those periods and the exercise price of the Company's outstanding share options was higher than the average market price for the Company's share during the Period.

7. DIVIDENDS

The Directors of the Company do not recommend the payment of interim dividend (Six months ended 30 June 2009: RMB0.02 per share).

The proposed final dividend of RMB0.03 per ordinary share for the year ended 31 December 2009 was declared payable and approved by the shareholders at the annual general meeting of the Company on 26 May 2010.

8. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Trade receivables

	30 June 2010 *RMB'000* ***(unaudited)***	31 December 2009 *RMB'000*
Trade receivables	**522,037**	563,229
Less: impairment	**(3,060)**	(3,060)
	518,977	560,169

At 30 June 2010, trade receivables contain the retention money receivables of RMB74,015,000 (31 December 2009: RMB70,137,000).

An aged analysis of the Group's trade receivables, based on invoice dates and net of impairment of trade receivables, is as follows:

	30 June 2010	31 December 2009
	RMB'000	*RMB'000*
	(unaudited)	
Within 3 months	**251,536**	342,947
3 to 6 months	**110,710**	121,795
6 to 12 months	**131,905**	74,232
1 to 2 years	**24,404**	19,435
2 to 3 years	**422**	1,626
Over 3 years	**–**	134
	518,977	560,169

Prepayments, deposits and other receivables

	30 June 2010	31 December 2009
	RMB'000	*RMB'000*
	(unaudited)	
Prepayment to subcontractors and suppliers	**14,251**	4,871
Deposits	**19,268**	13,396
Other receivables	**6,808**	7,221
Less: Impairment	**(150)**	(150)
	40,177	25,338

The carrying amounts of trade receivables, prepayments, deposits and other receivables approximate their fair values.

9. TRADE AND OTHER PAYABLES AND ACCRUALS

Trade and other payables and accruals

	30 June 2010 *RMB'000* *(unaudited)*	31 December 2009 *RMB'000*
Trade payables	**48,950**	73,755
Advances from customers	**6,843**	18,420
Tax and surcharge payables	**33,449**	28,216
Accrued expenses	**3,963**	3,353
Other payables	**11,634**	9,454
	104,839	133,198

The carrying amounts of trade and other payables and accruals approximate their fair values.

An aged analysis of the trade payables as at 30 June 2010 and 31 December 2009, based on the invoice dates, is as follows:

	30 June 2010 *RMB'000* *(unaudited)*	31 December 2009 *RMB'000*
Within 3 months	**20,993**	52,767
3 to 6 months	**5,209**	5,681
6 to 12 months	**10,133**	3,597
1 to 2 years	**4,626**	6,050
2 to 3 years	**3,833**	2,650
Over 3 years	**4,156**	3,010
	48,950	73,755

10. DEFERRED TAX LIABILITY

Deferred tax liability refer to the withholding tax levied on the distributable profits of subsidiaries inside Mainland China to Innofast Investments Ltd. for the Period as set out in note 5.

11. ISSUED CAPITAL

	30 June 2010 *US'000* ***(unaudited)***	31December 2009 *US'000*
Authorized:		
1,200,000,000 ordinary shares of US$0.01 each	**12,000**	12,000
Issued and fully paid:		
490,900,000 (31 December 2009: 491,000,000) ordinary share of US$0.01 each	**4,909**	4,910
Equivalent to RMB'000	**33,589**	33,596

During the Period, the movement in issued capital were as follows:

	Number of shares in issue	**Issued capital** *RMB'000*
At 1 January 2010	491,000,000	33,596
Redemption of shares (unaudited)	(100,000)	(7)
At 30 June 2010 (unaudited)	490,900,000	33,589

On 27 May 2010, the Company repurchased 100,000 shares in the open market at a price of HK$3.35 per share (the "Shares"). The Shares were subsequently been cancelled on 18 June 2010 and the total issued capital of the Company on 30 June 2010 was 490,900,000 shares.

12. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of this interim condensed financial information, the Group has no event after the reporting period that need to be disclosed.

MANAGEMENT DISCUSSION AND ANALYSIS

Business overview

We are a professional building engineering company engaging principally in the design, fabrications, supply and installation of conventional curtain walls and BIPV systems. Our BIPV system involves (i) the integration of photovoltaic technology into the architectural design of buildings and structures and (ii) conversion of solar energy into electricity for use. In addition, we are also engaged in the production and sale of solar-power products. Leveraging on our track record and wide spectrum of experiences from our curtain wall business, we will further strengthen and develop our renewable energy business in respect of BIPV systems and solar-power products. Apart from the above, we also provide engineering design services and engage in the sale of curtain wall materials. Our Group will endeavour to shift our focus from conventional curtain wall business to BIPV business and solar-power product business. In the long run, we aspire and strive to grow into an enterprise with a focus on renewable energy business.

FUTURE PLANS AND STRATEGIES

Leveraging on the strong position our Group has in the business of curtain wall engineering, we plan to further strengthen and develop our BIPV and solar-power product businesses. Our business strategies are set out as follows:

Focusing on public work projects, especially railway stations

We plan to undertake more public work related conventional curtain wall engineering and BIPV projects, in particular, those for railway stations. Railway transportation has been developing rapidly in China in recent years. Under the Eleventh Five-Year Plan, it is expected that the total investment in railway construction projects by the Mainland China government will be approximately RMB1.25 trillion. This trend of capital investment by the Mainland China government in railway construction projects coupled with the government policies that encourage energy-saving products and the use of renewable energy will create opportunities for our conventional curtain wall and BIPV business.

Our Directors believe that, given our Group's proven track record of engaging in railway station projects, our established relationship with state-owned developers and contractors and our strategic cooperation with Transportation Committee of the Management Association of Railway Enterprise of the PRC, our Group is able to secure more railway-related projects in the near future and introduce more extensive use of BIPV and solar-power products in railway stations.

During the Period, we have 17 railway or metro station related projects and total revenue from railway or metro station projects accounted for approximately 23% of our revenue from construction contracts.

Strengthening our BIPV business and to further develop our solar-power product business

We intend to further strengthen our BIPV business by undertaking more BIPV projects. As the target customers of our BIPV projects largely overlap with those of our conventional curtain wall business, we can tap into the established networks of customers and subcontractors of our conventional curtain wall business to promote our BIPV business. We believe that the combination of our proven track record, our expertise, our strategic co-operation the Railway Enterprise Management Association, our technical know-how and experience in the curtain wall industry, our strength in BIPV business would position us well as we anticipate great development potential of BIPV projects in the coming years.

We intend to devote more research efforts in the development and design of new solar-power products in the near future in order to capture the growing market demand for solar-power products. Moreover, through the strategic cooperation with a number of solar panel manufacturers, we aim to tap into their PRC and overseas customer base and distribution network to secure business for our BIPV systems and solar-power products and to seek overseas business opportunities.

During the Period, we have achieved a very satisfactory result in our BIPV business. Revenue contribution from BIPV accounted for approximately 21.5% of our total revenue, while in the first half year of 2009, it only accounted for approximately 20% of our total revenue.

We have successfully launched various solar-power products since the second half year of 2009. During the Period, we made significant achievement in this new area. In the first half year of 2010, the total revenue from solar-power products amounted to RMB65.9 million (Six months ended 30 June 2009: nil), majority of the sale of solar-power products were solar thermal system, solar street lamp and BIPV materials. We believe that solar related products will become another revenue driver of the Group in near future.

Strengthening our research and development capabilities

We have been devoting significant research efforts and resources since 2005 in the research of BIPV systems and solar-power products and the use of thin-film BIPV panels in such areas. Given the fast-paced growth of the curtain wall industry, it is likely that competition in this industry will intensify. In order to maintain our competitive edge, we will continue to focus on strengthening our research capabilities.

In January 2010, we entered into a technology research agreement with School of Mechanical & Automotive Engineering, South China University of Technology ("SCUT"). Under the agreement, our Group engaged SCUT in the research of the application of solar-thermal system and commercializing relevant products. SCUT is specifically focusing on the research and development of thermal controlling system. Provided with the professional knowledge of SCUT, we believe that it can help us to improve the quality of our existing products, to solve constraints during the production process and most importantly, to develop new solar-thermal related products.

In January 2010, we entered into a cooperation agreement with Green Building and New Energy Research Center of Tongji University. Under the agreement, we cooperated around the research of building energy saving and new energy technology. We would also set up a joint laboratory, declare technology programs, and establish application test platform for solar buildings.

In March 2010, we entered into a technology research agreement with South China University of Technology and GuangZhou Institute of Energy Conversion, Chinese Academy of Sciences. Under the agreement, these two universities will cooperate with us to research on “MW level” smart grid technologies by providing relevant research facilities and technologies. This project mainly focuses on the integration of wind and solar energy (solar-wind hybrid technology), smart grid and inverter technologies. Aiming to overcome the limitation of both the wind and solar energy and the integration of unstable electricity generated through wind and solar power into the power grid in a local area network. We believe that the development of such technology can improve the quality and stability of energy supply.

Seeking business opportunities outside the PRC

We began to provide services to our first overseas customers in June 2007. In order to create brand awareness in the overseas market, we have participated in and plan to participate more in various trade fairs and exhibitions in the PRC and overseas. Such trade fairs and exhibitions provide us with a platform to collate relevant market information and trends and provide us with the opportunity to meet with potential customers.

In the Period, we have secured a sizable project in Doha, Qatar with contract value of approximately US$17.7 million. The award of this contract is a land mark for the Group’s overseas project development, we are optimistic about our future business in the overseas market.

BUSINESS AND FINANCIAL REVIEW

Revenue

The following table set out the breakdown of revenue:

	For the six months ended 30 June	
	2010	2009
	RMB million	*RMB million*
	(unaudited)	*(unaudited)*
Conventional curtain walls		
– Public work	**239.5**	224.8
– Commercial and industrial buildings	**124.6**	120.3
– High-end residential buildings	**25.7**	14.6
	389.8	359.7
BIPV		
– Public work	**82.2**	84.8
– Commercial and industrial buildings	**66.1**	15.6
	148.3	100.4
Construction contracts total	**538.1**	460.1
Sale of goods		
– conventional materials	**83.6**	42.7
– solar related goods	**65.9**	–
	149.5	42.7
Rendering of design services	**0.9**	0.2
Total Revenue	**688.5**	503.0

Gross profit and gross profit margin	For the six months ended 30 June **2010** *RMB million*		2009 *RMB million*	
	RMB million	***%***	*RMB million*	*%*
Construction contracts	***(unaudited)***		*(unaudited)*	
– Conventional curtain walls	**63.0**	**16.2**	60.6	16.8
– BIPV	**53.6**	**36.1**	37.2	37.0
	116.6	**21.7**	97.8	21.3
Sale of goods				
– convertional materials	**15.9**	**19.0**	9.2	21.6
– solar related goods	**21.1**	**32.0**	–	N/A
	37.0	**24.7**	9.2	21.6
Rendering of design services	**0.9**	**N/A**	0.1	N/A
Overall Gross Profit Margin	**154.5**	**22.4**	107.1	21.3

The Group's revenue increased year-on-year by RMB185.5 million from RMB503.0 million in the first half year of 2009 to RMB688.5 million in the first half year of 2010. The increase was mainly driven by the following factors:

1. The Group has been upholding its leading position in conventional curtain wall business and the revenue from conventional curtain wall business increased from RMB359.7 million to RMB389.8 million. We are a reputable curtain wall contractor in the PRC and the growth in the Period was mainly contributed by the growth in public work projects, especially the construction of railway stations.

2. Our BIPV business has seen a substantive growth. Revenue from BIPV business increased from RMB100.4 million in the first half year of 2009 to RMB148.3 million in the first half year of 2010. We have involved in 15 BIPV projects in the first half year of 2010, the total revenue from BIPV business increased by RMB47.9 million or 47.7%, such increase was mainly contributed by the increase in demand from commercial customers. With the expected increase in order book, the directors are confident that revenue contribution from BIPV business will further increase in the second half year of 2010.

3. Revenue from sale of goods increased from RMB42.7 million in the first half year of 2009 to RMB149.5 million in the first half year of 2010. During the first half year of 2009, the total amount of the RMB42.7 million of goods sales were came from conventional curtainwall materials. In the Period, we have successfully launched variety of solar related products, revenue recognized from solar related products reached RMB65.9 million. Apart from that, revenue from conventional curtainwall materials also grew sharply from RMB42.7 million to RMB83.6 million.

We will continue devote our best effort in the research and development of different kind of solar related products to strengthen our position in renewable energy area.

Gross profit and gross profit margin

The gross profit of the Group increased by RMB47.4 million, or 44.3%, from RMB107.1 million in the first half year of 2009 to RMB154.5 million in the first half year of 2010.

Despite the keen competition in the conventional curtain wall market, we could still maintain a similar gross profit margin of 16.2% in first half year of 2010. The capability of our engineering team and the reputation of our Group in the market allow us to win sizable projects with attractive prices.

Gross profit margin of our BIPV business is relatively higher with the margin held well at the level of 36.1% during the first half year of 2010 (2009: 37.0%). In the future, the Group would further invest in the research and development with a view to lifting gross profit margin and upholding our competitive edges in the realm of BIPV business.

Gross profit from sale of goods increased from RMB9.2 million in the first half year of 2009 to RMB37.0 million in the first half year of 2010. We have successfully launched various solar related products such as solar thermal system and solar street lamp, gross profit from solar related products reached RMB21.1 million in the first half year of 2010 (Six months ended 30 June 2009: nil). The increase in gross profit from sale of goods also driven by the increase in sale of conventional materials, gross profit from conventional materials increased from RMB9.2 million in the first half year of 2009 to RMB15.9 million in the first half year of 2010.

Other income and gains

Other income and gains mainly represented interest income from bank deposits and government subsidy. During the Period, we received approximately RMB1,303,000 from government to reward our commitment on solar energy.

Selling and distribution expenses

Selling and distribution expenses increased by RMB6.2 million or 89.1%. The increase in selling and distribution expense was mainly caused by the increase in staff costs, overseas travelling expenses and business development expenses. The increase in staff costs was because of the increase in number of selling staffs and increase in staff incentive in order to stimulate our growth in long run. The levels of changes for other items were consistent with our business growth.

Administrative expenses

Administrative expenses increased by RMB26.4 million or 83.9%. The increase in administrative expenses was again mainly driven by the increase in staff costs. As at 30 June 2010, total number of employees was 776, while as at 30 June 2009, total number of employees was about 460, total staff salary hence increased, from about RMB9.6 million in the first half year of 2009 to RMB19.1 million in the first half year of 2010. Apart from that, the Group has granted options to directors and certain employees in July 2009 and May 2010, share option expense of RMB12.5 million was recognized as administrative expense in the first half year of 2010 (Six months ended 30 June 2009: nil), this is another key factor for the increase in administrative expense for the Period.

Other key items under administrative expenses included research expenses, depreciation and other business development expenses, the increase is consistent with the growth in business of the Group. Total research expenses incurred during the Period was RMB7.1 million, which was similar to the level in the first half year of 2009, we will continue our investment in new products research and development to maintain our competitiveness.

Other expenses

Other expenses increased by RMB0.5 million. It mainly included bank charges and loss on exchange.

Finance costs

The Group's finance costs increased by RMB0.9 million. It was mainly due to the increase in bank loans. Total bank loans amounted to RMB197.8 million as at 30 June 2010, while as at 30 June 2009, the Group only had RMB65 million of bank loans. Total interest expense therefore increases from RMB1 million in the first half year of 2009 to RMB3.8 million in the first half year of 2010. Apart from that, approximately RMB1.5 million (Six months ended 30 June 2009: RMB3.5 million) were incurred for arranging banking facilities with banks.

Income tax expense

Income tax increased by RMB8.0 million or 78.1% when compared with the first half year of 2009. Effective tax rate of the Group increased from 16.2% in the first half year of 2009 to 23.6% in the first half year of 2010, it was mainly because the corporate income tax rate for the Company's major operating subsidiary – Zhuhai Singyes increased from 10% to 15% after the implementation of the new corporate income tax law.

Liquidity and financial resources

The Group's principal sources of working capital is the cash flow from operating activities and bank loans. The Group's strategy is to maintain the gearing ratio at a healthy level in order to support the growth of our business. Gearing ratio is derived by dividing total bank loans by total assets. The Group's gearing ratio at 30 June 2010 was 16.2%.

Strong current ratio

The current ratio being current assets over current liabilities, was 4.95 as at 30 June 2010.

Trade receivables/trade payables turnover days

Turnover days	**At 30 June 2010 (unaudited) Days**	At 31 December 2009 Days
Trade receivables	**142**	128
Trade payables	**21**	21

Trade receivables turnover days is calculated based on the average of the beginning and ending balances of trade receivables net of impairment, for the period divided by the revenue during the period and multiplied by the number of days during the period. Trade receivables turnover days at 30 June 2010 was 142 days, the longer trade receivables turnover day at 30 June 2010 was mainly because the aging for several overseas projects were ralatively long (between 6-12 months). The Directors are confident about the collectibility and hence no provision has been made. Trade payables turnover days, which is calculated based on the average of the beginning and ending balances of trade payables divided by the cost of sales and multiplied by the number of days during the period, was 21 days, which is similar to 2009.

Net cash position

The Group was at a net cash position as at 30 June 2010 with cash and cash equivalents of RMB393.1 million and outstanding bank loans of RMB197.8 million.

Capital Expenditures

Capital expenditures of the Group for the Period amounted to approximately RMB40.4 million. They mainly represented addition in plant and machinery for our solar business.

For the first half year of 2009, capital expenditures amounted to approximately RMB24.4 million, they mainly represented addition in office equipment and construction work of factory premise.

Loans and bank facilities

The outstanding bank loans comprised short-term bank loans of RMB99.8 million and long term bank loans of RMB98.0 million with effective interest rates ranging from 1.05% to 5.86%.

As at 30 June 2010, the Group had total banking facilities of RMB555.2 million and unutilised banking facilities amounted to RMB323.8 million. The unutilised banking facilities comprise RMB306.4 million of bank loan limit and RMB17.4 million limit for arranging trade financing.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency.

The following table demonstrates the sensitivity at the end of the Period to a reasonably possible change in US$ exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Group's equity.

	Increase/ (decrease) in foreign currency rate	**Increase/ (decrease) in profit before tax**
	%	*RMB'000*
Six months ended 30 June 2010		
If RMB weakens against US$	5	3,645
If RMB strengthens against US$	(5)	(3,645)

Credit risk

The carrying amounts of cash and cash equivalents, pledged deposits, trade and other receivables, investments and other financial assets represent our maximum exposure to credit risk in relation to financial assets. Substantially all of our cash and cash equivalents are held in major financial institutions located in the Mainland China and Hong Kong, which management believes are of high credit quality. We trade only with recognised and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. Moreover, as our exposure is spread over a diversified portfolio of customers, there is no significant concentration of credit risk.

Liquidity risk

We monitor the risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. Our liquidity is primarily dependent on its ability to maintain a balance between continuity of funding and through the settlement from customers and the payment to vendors.

Dividend

The Directors of the Company do not recommend the payment of interim dividend (Six months ended 30 June 2009: RMB0.02 per share).

HUMAN RESOURCES

As at 30 June 2010, the Group had about 776 employees. Employee salary and other benefit expenses increased to approximately RMB24.3 million in first half year of 2010 from approximately RMB11.6 million in the first half year of 2009, which represented an increase of 109.5%. After taking away the share option expenses of RMB12.5 million, staff costs increased by RMB13.0 million or 109.2%. Our Group is still under rapid expanding stage, total number of staff increased from 460 as at 30 June 2009 to 776 as at 30 June 2010, total staff costs therefore increased. The Group's remuneration policies are formulated on the performance of individual employees, which will be reviewed regularly every year. Apart from provident fund scheme (according to the provisions of Mandatory Provident Fund Schemes for Hong Kong employees) or the state-managed retirement pension scheme (for PRC employees) and medical insurance, discretionary bonus are also awarded to employees according to the assessment of individual performance.

CORPORATE GOVERNANCE

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. This report outlines the principles and the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Directors consider that the Company has applied the principles and complied with all the applicable code provisions set out in the Code since the Listing Date, except for the deviation from paragraph A.2 of the Code as described below.

Mr. Liu Hongwei, the Chairman of the Group, is responsible for the leadership and effective running of the Board, ensuring that all material issues are decided by the Board in a conducive manner. Mr. Liu Hongwei is also responsible for running the Group's business and effective implementation of the strategies of the Group. The Company is aware of the requirement under paragraph A.2 of the Code that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Nevertheless, the Board considers that the combination of the roles of Chairman and Chief Executive Officer will not impair the balance of power and authority between the Board and the management of the Company as the Board will meet regularly to consider major matters affecting the operations of the Group. The Board is of the view that this structure provides the Group with strong and consistent leadership, which can facilitate the formulation and implementation of its strategies and decisions and enable it to grasp business opportunities and react to changes efficiently. As such, the Board believes that it is beneficial to the business prospects of the Group with Mr. Liu Hongwei performing both the roles of Chairman and Chief Executive Officer.

Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the Period.

Audit Committee

The Company established the Audit Committee in compliance with Rules 3.21 to 3.23 of the Listing Rules and paragraph C.4 of the Code. The primary duties of the Audit Committee are to oversee the financial reporting process and internal control procedure of the Group, to review the financial information of the Group and to consider issues relating to the external auditor. The Audit Committee consists of the three independent non-executive Directors, and Mr. Yick Wing Fat, Simon is the Chairman of the Audit Committee. The Audit Committee has reviewed the Group's unaudited interim condensed financial information and interim results for the Period.

Purchase, sales and redemption of Company's listed securities

The Company has repurchased 100,000 shares of the Company in the open market at a price of HK$3.35 per share on 27 May 2010 and these 100,000 shares were subsequently been cancelled on 18 June 2010. Saved as disclosed above, the Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the Period.

Publication of Results Announcement

This interim results announcement is available for viewing on the websites of the Stock Exchange of Hong Kong Limited at http://www.hkexnews.hk and the Company's website at http://www.zhsye.com and the 2010 interim report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders and published on the respective websites of the Company and the Stock Exchange of Hong Kong Limited in due course.

By order of the Board
China Singyes Solar Technologies Holdings Limited
Liu Hongwei
Chairman

Hong Kong, 24 August 2010

As at the date of this announcement, the executive Directors are Mr. Liu Hongwei, Mr. Sun Jinli and Mr. Xie Wen, the non-executive Directors are Mr. Lin Xiaofeng and Mr. Cao Zhirong and the independent non-executive Directors are Mr. Wang Ching, Mr. Yick Wing Fat, Simon and Mr. Cheng Jinshu.