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 2011

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 2011 (the "Period").

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Revenue	**997,704**	688,546
Profit before tax	**138,410**	77,767
Income tax expense	**(29,810)**	(18,322)
Profits attributable to owners of the Company	**108,879**	59,395
Gross profit margin	**24.6%**	22.4%
Net profit margin	**10.9%**	8.6%
Earnings per share attributable to ordinary equity holders		
– Basic	**RMB0.220**	RMB0.121
– Diluted	**RMB0.218**	RMB0.121

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2011	2010
	Note	***RMB'000***	*RMB'000*
		(unaudited)	*(unaudited)*
Revenue	*3*	**997,704**	688,546
Cost of sales		**(752,275)**	(534,082)
Gross profit		**245,429**	154,464
Other income and gains		**1,916**	2,004
Selling and distribution costs		**(20,023)**	(13,171)
Administrative expenses		**(73,418)**	(57,828)
Finance costs		**(13,014)**	(5,318)
Other expenses		**(2,480)**	(2,384)
Profit before tax	*4*	**138,410**	77,767
Income tax expense	*5*	**(29,810)**	(18,322)
Profit for the period		**108,600**	59,445
Other comprehensive income/(loss) for the period:			
Exchange differences on translation of non-RMB functional currency operations		**944**	(914)
Total comprehensive income for the period		**109,544**	58,531
Profit attributable to:			
Owners of the Company		**108,879**	59,395
Non-controlling interests		**(279)**	50
		108,600	59,445
Total comprehensive income attributable to:			
Owners of the Company		**109,823**	58,481
Non-controlling interests		**(279)**	50
		109,544	58,531
Earnings per share attributable to ordinary equity holders of the Company			
– Basic	*6*	**RMB0.220**	RMB0.121
– Diluted	*6*	**RMB0.218**	RMB0.121

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2011 RMB'000 (unaudited)	31 December 2010 RMB'000
Non-current assets			
Property, plant and equipment		**562,415**	267,270
Prepaid land lease payments		**93,989**	34,027
Intangible assets		**480**	550
Deferred tax assets		**33,713**	–
Payments in advance		**15,596**	26,411
Available-for-sale equity investment		**30,479**	31,174
Total non-current assets		**736,672**	359,432
Current assets			
Inventories		**23,210**	18,761
Construction contracts		**51,433**	72,234
Trade receivables	*8*	**975,496**	795,237
Prepayments, deposits and other receivables	*8*	**51,318**	43,139
Equity investments at fair value through profit or loss		**600**	3,044
Pledged deposits		**35,791**	30,978
Cash and cash equivalents		**583,453**	414,203
Total current assets		**1,721,301**	1,377,596
Current liabilities			
Trade and bills payables	*9*	**108,841**	73,986
Other payables and accruals		**128,173**	82,122
Interest-bearing bank loans		**519,109**	299,730
Income tax payable		**56,538**	21,018
Total current liabilities		**812,661**	476,856
Net current assets		**908,640**	900,740
Total assets less current liabilities		**1,645,312**	1,260,172
Non-current liabilities			
Interest-bearing bank loans		**125,347**	177,173
Deferred tax liabilities		**26,099**	19,899
Deferred income		**134,850**	–
Total non-current liabilities		**286,296**	197,072
Net assets		**1,359,016**	1,063,100
Equity			
Equity attributable to owners of the Company			
Issued capital	*10*	**35,885**	33,589
Reserves		**1,304,029**	995,403
Proposed final dividend		**–**	14,727
		1,339,914	1,043,719
Non-controlling interests		**19,102**	19,381
Total equity		**1,359,016**	1,063,100

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2011

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 parent and 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 2010.

3. SEGMENT INFORMATION AND REVENUE

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue of construction contracts, net of business tax and various types of government surcharges; the value of services rendered, net of business tax and various types of government surcharges; and invoiced value of goods sold, net of various types of 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 service and the percentage of total revenue by products and service during the Period:

	For the six months ended 30 June			
	2011		**2010**	
	RMB'000	**%**	*RMB'000*	*%*
	(unaudited)		*(unaudited)*	
Construction contracts	706,791	70.8	538,181	78.2
Sale of goods	289,355	29.0	149,498	21.7
Rendering of design services	770	0.1	867	0.1
Sale of electricity	788	0.1	–	–
	997,704	100.0	688,546	100.0

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June			
	2011		**2010**	
	RMB'000	***%***	*RMB'000*	*%*
	(unaudited)		*(unaudited)*	
Mainland China	971,448	97.4	680,231	98.8
Outside Mainland China	26,256	2.6	8,315	1.2
	997,704	100.0	688,546	100.0

(b) Non-current assets

	30 June 2011		31 December 2010	
	RMB'000 (unaudited)	*%*	*RMB'000*	*%*
Mainland China	719,300	97.6	341,418	95.0
Hong Kong	17,372	2.4	18,014	5.0
	736,672	100.0	359,432	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	
	2011	2010
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Cost of construction contracts and design services	**542,898**	421,593
Cost of inventories sold	**208,826**	112,489
Cost of electricity sold	**551**	–
Depreciation	**6,258**	4,888
Amortisation of prepaid land lease payments	**345**	14
Amortisation of intangible assets	**70**	51
Minimum lease payments under operating leases	**2,834**	1,642
Research costs	**4,139**	7,118
Staff costs (including directors' remuneration)	**51,661**	37,337
Reversal of provision for impairment of trade and other receivables	**(505)**	–
Exchange losses	**724**	853

5. INCOME TAX EXPENSE

The major components of income tax expense for the Period are:

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Current-Mainland China		
– Charge for the period	**57,073**	14,693
Deferred	**(27,263)**	3,629
Total tax charged for the period	**29,810**	18,322

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.

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands, the Group is not subject to any income tax in Bermuda and the British Virgin Islands.

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.

The provision for PRC Corporate Income Tax (the "PRC CIT") is based on the respective CIT rates applicable to the subsidiaries located in Mainland China as determined in accordance with the relevant income tax rules and regulations of the PRC for the Period.

Pursuant to the New CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from foreign investment enterprises established in Mainland China effective from 1 January 2008. Under the Arrangement between Mainland China 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 Mainland 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 RMB6,450,000 (Six months ended 30 June 2010: RMB3,656,000) regarding withholding income tax on the undistributed earnings (future dividend) of Zhuhai Singyes Green Building Technology Co., Ltd. ("Zhuhai Singyes") and Zhuhai Singyes Renewable Energy Technology Co., Ltd. ("Singyes Renewable Energy"), subsidiaries invested by Innofast Investments Limited ("Innofast"), which is the Company's subsidiary registered in Hong Kong, have been provided for the Period.

Hunan Singyes Solar Technology Co., Ltd. ("Hunan Singyes") received a government grant amounting to RMB134,850,000 in connection with a construction of the 20MW roof top solar farm. The deferred tax assets of RMB33,713,000 regarding the government grant were recognised together with income tax payable during the Period.

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, and the weighted average number of ordinary share of 495,279,281 (six months ended 30 June 2010: 490,980,663) in issue during the Period.

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

The calculation of diluted earnings per share amount for the Period is based on the profit for the Period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June 2011 *RMB'000* *(unaudited)*
Profit attributable to ordinary equity holders of the Company for basic and diluted earnings calculations	108,879
Weighted average number of ordinary shares in issue for basic earnings per share calculation	495,279,281
Effect of dilution:	
Share options	4,659,599
Weighted average number of ordinary shares adjusted for the effect of dilution	499,938,880

7. DIVIDENDS

The Directors of the Company do not recommend the payment of interim dividend (Six months ended 30 June 2010: nil).

The proposed final dividend of RMB0.03 per ordinary share for the year ended 31 December 2010 amounting to RMB14,736,000 was declared payable to the shareholders who appeared in the shareholder register on 24 May 2011, and approved by the shareholders at the annual general meeting of the Company on 27 May 2011.

8. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Trade receivables

	30 June 2011 *RMB'000* *(unaudited)*	31 December 2010 *RMB'000*
Trade receivables	**978,051**	798,297
Less: impairment	**(2,555)**	(3,060)
	975,496	795,237

At 30 June 2011, trade receivables contained the retention money receivables of RMB110,333,000 (31 December 2010: RMB97,695,000).

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

	30 June 2011 *RMB'000* *(unaudited)*	31 December 2010 *RMB'000*
Within 3 months	**558,542**	498,806
3 to 6 months	**230,130**	203,928
6 to 12 months	**155,232**	64,517
1 to 2 years	**30,364**	26,923
2 to 3 years	**1,215**	1,063
Over 3 years	**13**	–
	975,496	795,237

8. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Prepayments, deposits and other receivables

	30 June 2011 *RMB'000* *(unaudited)*	31 December 2010 *RMB'000*
Prepayment to subcontractors and suppliers	**20,290**	19,864
Deposits	**19,015**	17,806
Other receivables	**12,163**	5,619
Less: Impairment	**(150)**	(150)
	51,318	43,139

9. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at 30 June 2011 and 31 December 2010, based on the invoice date, is as follows:

	30 June 2011 *RMB'000* *(unaudited)*	31 December 2010 *RMB'000*
Within 3 months	**66,905**	33,190
3 to 6 months	**7,129**	17,097
6 to 12 months	**14,072**	5,952
1 to 2 years	**9,188**	7,989
2 to 3 years	**3,742**	4,627
Over 3 years	**7,805**	5,131
	108,841	73,986

The trade payabes are non-interest bearing and are normally settled within one to six months.

10. ISSUED CAPITAL

	30 June 2011	31December 2010
	US'000	*US'000*
	(unaudited)	
Authorized:		
1,200,000,000 ordinary shares of US$0.01 each	**12,000**	12,000
Issued and fully paid:		
526,319,998 (31 December 2010: 490,900,000) ordinary share of US$0.01 each	**5,263**	4,909
Equivalent to RMB'000	**35,885**	33,589

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

	Number of shares in issue	**Issued capital**
		RMB'000
At 1 January 2011	490,900,000	33,589
Issuance of new shares (unaudited) (a)	35,000,000	2,269
Share options exercised (unaudited) (b)	419,998	27
At 30 June 2011 (unaudited)	526,319,998	35,885

(a) On 27 May 2011, the Company entered into a placing agreement with Strong Eagle Holdings Limited ("Strong Eagle") and China International Capital Corporation Hong Kong Securities Limited (the "Placing Agent") and, pursuant to which the Placing Agent agreed to place on behalf of Strong Eagle and Strong Eagle agreed to sell 35,000,000 existing shares at a price of HK$6.80 per share. On 9 June 2011, the Company issued 35,000,000 new shares under the general mandate, which were subscribed by Strong Eagle at the price of HK$6.80 per share.

(b) Being new shares at a par value of US$0.01 per share issued on exercise of share options at HK$4.30 per share, pursuant to the share options granted on 23 July 2009 in accordance with the share options scheme of the Company dated 19 December 2008.

11. EVENTS AFTER THE REPORTING PERIOD

The Company redeemed 402,000 of its own ordinary shares on The Stock Exchange of Hong Kong Limited ("HKSE") at market prices of HK$6.17 per share for 302,000 shares on 18 July 2011 and HK$6.1 per share for 100,000 shares on 19 July 2011, respectively. These redeemed shares were cancelled on 5 August 2011, the issued share capital of the Company was reduced by the nominal value of these shares. The premium paid on the redemption of shares of RMB2,051,000 was debited to the share premium account.

MANAGEMENT DISCUSSION AND ANALYSIS

Business overview

We are a professional renewable energy solution provider and building contractor. Our main businesses are design, fabrication and installation of conventional curtain walls and BIPV systems; as well as manufacture and sale of renewable energy goods.

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. Our system allows the electricity generated from solar panels to be connected to the power grid of a building and the electricity generated from sun power will be consumed simultaneously. No extra electricity storage cost is required. In addition, we also engage in the production and sale of renewable energy goods, including smart grid system, prefabricated solar houses, solar thermal system and solar street lamp. Leveraging on our track record and extensive experience in our curtain wall business, we will further strengthen and develop our renewable energy business in respect of BIPV systems and renewable energy goods. Apart from the above, we also provide engineering design services and engage in the sale of curtain wall materials. Our Group will endeavour to continue our focus on solar business. In the long run, we will aspire and strive to grow into an enterprise with a focus on renewable energy business.

In the meantime, we will still maintain our presence in conventional curtain wall business, especially in the public sector, in order to further broaden our customer base.

FUTURE PLANS AND STRATEGIES

Expansion of operating scale to meet future business growth

We acquired a land in Hunan last year for the construction of our new factory premises. The new factory plant in Hunan has commenced operation in July this year and it can provide strong support to our growth in the coming years.

We are constructing a 20MW roof top solar farm on the roof top of our new Hunan plant, which was the largest project under the Golden Sun program announced in November 2010. It is a significant achievement of the Group's solar business and the Group will continue to maintain its leading position in solar downstream area.

Apart from that, we also acquired 125,639 square meter of land in Zhuhai in May 2011, we will construct a new Zhuhai-based production plant which focuses on the overseas market.

Under the Twelfth Five-Year Plan, the Mainland China Government will continue to make significant investment to support renewable business, the Directors are optimistic about the future business growth.

Maintaining a leading position in railway station projects

In the first half of 2011, we involved in 9 railway related projects and total revenue from railway related business accounted for about 34.4% of our conventional curtain wall business. We believe that the PRC government will continue to make substantial investment for railway construction under the Twelfth Five-Year Plan and it will create opportunities for our conventional curtain wall and BIPV business.

Strengthening our BIPV business and further developing our renewable energy goods 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 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 also intend to devote more research efforts in the development and design of new renewable energy goods in the near future in order to capture the growing market demand for these 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 renewable energy goods and to seek overseas business opportunities.

During the Period, we have achieved a very satisfactory result in our BIPV business. We involved in 28 BIPV projects during the Period and revenue from BIPV grew by 94.1% and it accounted for approximately 28.8% of our total revenue, while in the first half of 2010, BIPV revenue only accounted for approximately 21.5% of our total revenue.

Revenue from renewable energy goods significantly increased from RMB65.9 million in the first half of 2010 to RMB186.8 million in the Period.

BUSINESS AND FINANCIAL REVIEW

Revenue

The following table set out the breakdown of revenue:

	For the six months ended 30 June	
	2011	2010
	RMB million	*RMB million*
	(unaudited)	*(unaudited)*
Conventional curtain walls		
– Public work	**195.1**	239.5
– Commercial and industrial buildings	**137.2**	124.6
– High-end residential buildings	**86.6**	25.7
	418.9	389.8
BIPV		
– Public work	**185.9**	82.2
– Commercial and industrial buildings	**101.9**	66.1
	287.8	148.3
Construction contracts total	**706.7**	538.1
Sale of goods		
– conventional materials	**102.6**	83.6
– renewable energy goods	**186.8**	65.9
	289.4	149.5
Rendering of design services	**0.8**	0.9
Sale of electricity	**0.8**	–
Total Revenue	**997.7**	688.5

Gross profit and gross profit margin	For the six months ended 30 June			
	2011		2010	
	RMB million	**%**	*RMB million*	*%*
Construction contracts	***(unaudited)***		*(unaudited)*	
– Conventional curtain walls	**61.7**	**14.7**	63.0	16.2
– BIPV	**102.7**	**35.7**	53.6	36.1
	164.4	**23.3**	116.6	21.7
Sale of goods				
– conventional materials	**20.2**	**19.7**	15.9	19.0
– renewable energy goods	**60.3**	**32.2**	21.1	32.0
	80.5	**27.8**	37.0	24.7
Rendering of design services	**0.3**	**37.5**	0.9	N/A
Sale of electricity	**0.2**	**25.0**	–	N/A
Overall Gross Profit Margin	**245.4**	**24.6**	154.5	22.4

The Group's revenue increased by RMB309.2 million or 44.9%, from RMB688.5 million in the first half of 2010 to RMB997.7 million in the first half of 2011. Gross profit of the Group increased by RMB90.9 million or 58.8%, from RMB154.5 million in the first half of 2010 to RMB245.4 million in the first half of 2011, the increase in gross profit is proportionately higher than the increase in revenue because the revenue contribution from BIPV and solar related goods became higher in the current period.

1) The Group's conventional wall business slightly increased by RMB29.1 million or 7.5%, from RMB389.8 million in the first half of 2010 to RMB418.9 million in the first half of 2011. The Group is now shifting its focus to BIPV and renewable energy business and the management of the Group did not aggressively allocate resources to develop the conventional curtain walls business.

   Nevertheless, we still maintain a leading position in railway station area, we involved in 9 railway station projects and the revenue contribution from railway related business in the first half of 2011 was RMB144.1 million, which accounted for about 34.4% of the total revenue in conventional curtain walls.

   Gross profit from conventional curtain walls dropped slightly from RMB63.0 million to RMB61.7 million, gross profit margin dropped from 16.2% in the first half of 2010 to 14.7% in the first half of 2011.

2) We have achieved a significant growth in our BIPV business in the first half of 2011. The revenue of BIPV increased by RMB139.5 million or 94.1%, from RMB148.3 million in first half of 2010. Significant growth in revenue is noted in both public and commercial areas, BIPV revenue from public work increased by RMB103.7 million or 126.2% while revenue from commercial area

increased by 54.2% to RMB101.9 million. In the past few years, the Mainland China government launched a number of policies to simulate the solar application and our BIPV business recorded a very high growth rate. We believe that the Mainland China government will continue its aggressive plan in supporting downstream solar application and the Group will continue to be the winner in this area.

Gross profit for BIPV business increased by RMB49.1 million or 91.6%, from RMB53.6 million in the first half of 2010 to RMB102.7 million in the first half of 2011. During the Period, we engaged in 28 BIPV projects and the gross margin maintained at a relatively high level at 35.7%.

3) Sales of goods increased by 93.6%, from RMB149.5 million in first half of 2010 to RMB289.4 million in the first half of 2011. Sale of goods comprise sale of conventional materials and sale of renewable energy goods. Sale of conventional materials increased by RMB19 million or 22.7%. The growth was mainly due to the increase in export sales in the Period. The gross profit from sale of conventional curtain wall materials increased by RMB4.3 million or 27.0%, from RMB15.9 million to RMB20.2 million. Gross profit margin in 2011 was 19.7% (2010: 19.0%).

   Sale of renewable energy goods increased by RMB120.9 million or 183.5%. In the first half of 2010, sale of renewable energy goods mainly comprised sale of BIPV materials. In the first half of 2011, solar thermal system became our new revenue driver. Total revenue from solar thermal system in the first half of 2011 was RMB104.2 million. Overall gross profit from sale of renewable energy goods also increased by RMB39.2 million or 185.8%, from RMB21.1 million to RMB60.3 million.

   We also have a large order of pre-fabricated solar houses project in Nigeria and this project will bring significant revenue contribution to us in the second half of 2011.

Revenue from solar related businesses (including BIPV and renewable energy goods) accounted for about 47.6% of the Group's total revenue in the first half of 2011 (2010: 31.1%). The Group will continue to devote its resources in solar related business in future.

Other income and gains

Other income and gains mainly represented interest income from bank deposits and government subsidy. During the Period, we received approximately RMB563,000 from the government to reward our commitment to solar energy.

Selling and distribution expenses

Selling and distribution expenses increased by RMB6.85 million or 52%. The increase in selling and distribution expense was mainly caused by the increase in staff costs, office leasing and other business related expenses. The increase in staff costs was because of the increase in number of selling staffs and increase in staff incentive. The levels of changes for other items were consistent with our business growth.

Administrative expenses

Administrative expenses increased by RMB15.6 million or 27.0%. The increase in administrative expenses was again mainly driven by the increase in staff costs, depreciation and other business related expenses.

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.

Other expenses

Other expenses is stable comparing with the first half of 2010.

Finance costs

The Group's finance costs increased by RMB7.7 million. It was mainly due to the increase in bank loans. Total bank loans amounted to RMB644.5 million as at 30 June 2011, while, the Group only had RMB197.8 million of bank loans as at 30 June 2010. Total interest expense therefore increases from RMB3.8 million in the first half year of 2010 to RMB13.0 million in the first half year of 2011.

Income tax expense

Income tax expense included RMB57.1 million of taxation charge for the period and RMB27.3 million of deferred tax credit.

Taxation charged increased by RMB42.4 million comparing with that of the first half of 2010, total current period taxation amounted to RMB57.1 million. It included RMB33.7 million of tax provision on the RMB134.9 million government subsidy on the roof top solar project on our Hunan factory plant, after neglecting this one-off-provision, current period taxation charge was about RMB23.4 million, increased by RMB8.7 million or 59.0% comparing with that of the first half of 2010, this increment is consistent with the expand of business operation.

Deferred tax credit included RMB33.7 million of deferred tax assets credit and RMB6.4 million of deferred tax charges in current period. RMB33.7 million of deferred tax assets is recognized based on the RMB134.9 million of government subsidy as described above. The RMB6.4 million of deferred tax charges represented provision for dividend withholding tax based on 5% of net profit on our operating subsidiaries located in Mainland China.

Strong current ratio

The current ratio being current assets over current liabilities, was 2.12 as at 30 June 2011 (31 December 2010: 2.89).

Trade receivables/trade payables turnover days

	30 June 2011 (unaudited)	31 December 2010
Turnover days	**Days**	Days
Trade receivables	**161**	139
Trade payables	**22**	19

Trade receivables turnover days is calculated based on the average of the beginning and ending balances of trade receivables net of impairment, divided by the revenue during the period and multiplied by the number of days during the period. Trade receivables turnover days at 30 June 2011 was 161 days, the longer trade receivables turnover day at 30 June 2011 was because of the late receipt from some of our customers. The Group has reviewed the past transaction records and the creditability of those customers and the Directors believe that the outstanding debt could be recovered and hence no provision for bad debt was 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 22 days, which is similar to 2010.

Liquidity and financial resources

The Group's primary source of funding included the cashflow generated from operating activities and newly raised bank loans. As at 30 June 2011, the Group had approximately RMB583.5 million of cash and cash equivalents and approximately RMB644.5 million of bank loans. The Group will continuously manage its cash outflow closely and cautiously in the coming years and dedicate to maintain a sound financial position and to improve the equity return to its shareholders.

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 2011 was 26.2% (31 December 2010: 27.5%). With the continuous positive cash inflow generated from its operations and its existing cash resources and available banking facilities obtained from its bankers, the Group has sufficient financial resources to meet its commitments and working capital requirements.

Capital Expenditures

Capital expenditures of the Group for the Period amounted to RMB362.1 million. It included RMB60.3 million on acquisition of land in Zhuhai, the remaining RMB301.9 million mainly represented construction of factory premises and additions in plant and machinery of our new factory in Hunan.

For the first half year of 2010, capital expenditures amounted to approximately RMB40.4 million, they mainly represented addition in plant and machinery for the Group's solar business.

Borrowings and bank facilities

The outstanding borrowings comprised bank loans of RMB644.5 million with effective interest rates ranging from Hong Kong Inter Bank Offered Rate ("HIBOR") + 0.95% to 7.26%. As at 30 June 2011, the Group had total banking facilities of RMB973.4 million. As at 30 June 2011, we have utilised RMB644.5 as bank loans and RMB179.7 million as trade financing activities (including letter of credits, bills, performance bond etc). The remaining banking facilities comprise of RMB12.5 million of bank loan limit and RMB136.7 million limit for arranging trade financing activities.

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$ and HK$ 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 2011		
If RMB weakens against US$	5	1,333
If RMB strengthens against US$	(5)	(1,333)
If RMB weakens against HK$	5	4,129
If RMB strengthens against HK$	(5)	(4,129)

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 the settlement from customers and payment to vendors.

Dividend

The Directors of the Company do not recommend the payment of interim dividend (six months ended 30 June 2010: nil).

HUMAN RESOURCES

As at 30 June 2011, the Group had about 1,526 employees (30 June 2010: 776). Employee salary and other benefit expenses increased to approximately RMB46.2 million in the first half year of 2011 from approximately RMB24.3 million in the first half year of 2010, which represented an increase of 90.1%. The Group's remuneration policies are formulated on the performance of individual employees, which will be reviewed regularly every year. Apart from the provident fund scheme (according to the provisions of the 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, sale and redemption of Company's listed securities

There were no purchase, sale or redemption by the Company and any of its subsidiaries, of the Company's listed securities 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 2011 interim report of the Company containing all the information required under the Listing Rules will be despatched to the shareholders of the Company 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, 26 August 2011

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. Li Huizhong and Mr. Cao Zhirong and the independent non-executive Directors are Mr. Wang Ching, Mr. Yick Wing Fat, Simon and Mr. Cheng Jinshu.