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 2013

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 2013 (the "Period").

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Revenue	**1,704,652**	1,288,807
EBITDA*	**308,693**	194,902
Profit before tax	**228,725**	173,041
Income tax expense	**(57,722)**	(37,802)
Profits attributable to owners of the Company	**170,919**	135,904
Gross profit margin	**25.1%**	24.7%
Net profit margin	**10.0%**	10.5%
Earnings per share attributable to ordinary equity holders		
– Basic	**RMB0.264**	RMB0.215
– Diluted	**RMB0.259**	RMB0.215

* *Earnings before interest, tax and depreciation*

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the six months ended 30 June **2013** *RMB'000* ***(unaudited)***	2012 *RMB'000* *(unaudited)*
Revenue	*3*	**1,704,652**	1,288,807
Cost of sales		**(1,276,942)**	(970,143)
Gross profit		**427,710**	318,664
Other income and gains		**13,967**	7,291
Selling and distribution expenses		**(37,133)**	(27,287)
Administrative expenses		**(124,405)**	(90,356)
Finance costs		**47,539**	(31,880)
Other expenses		**(3,875)**	(3,391)
Profit before tax	*4*	**228,725**	173,041
Income tax expense	5	**(57,722)**	(37,802)
Profit for the period		**171,003**	135,239
Other comprehensive loss for the period:			
Exchange differences on translation of foreign operations		**(398)**	(139)
Total comprehensive income for the period		**170,605**	135,100
Profit attributable to:			
Owners of the Company		**170,919**	135,904
Non-controlling interests		**84**	(665)
		171,003	135,239
Total comprehensive income attributable to:			
Owners of the Company		**170,521**	135,765
Non-controlling interests		**84**	(665)
		170,605	135,100
Earnings per share attributable to ordinary equity holders of the Company			
– Basic	*6*	**RMB0.264**	RMB0.215
– Diluted	*6*	**RMB0.259**	RMB0.215

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2013** ***RMB'000*** ***(unaudited)***	31 December 2012 *RMB'000*
Non-current assets			
Property, plant and equipment		**1,944,583**	1,545,279
Prepaid land lease payments		**95,615**	92,697
Intangible assets		**1,948**	3,132
Deferred tax assets		**19,249**	18,290
Payments in advance		**2,489**	7,863
Available-for-sale equity investments		**29,573**	30,098
Total non-current assets		**2,093,457**	1,697,359
Current assets			
Inventories		**101,568**	63,384
Construction contracts		**63,212**	48,840
Trade and bills receivables	*8*	**1,466,823**	1,281,444
Prepayments, deposits and other receivables	*8*	**188,731**	59,747
Pledged deposits		**198,128**	214,820
Cash and cash equivalents		**436,412**	698,088
Total current assets		**2,454,874**	2,366,323
Current liabilities			
Trade and bills payables	*9*	**730,288**	515,365
Other payables and accruals		**137,930**	175,259
Interest-bearing bank and other borrowings		**850,902**	917,354
Dividend payable		**36,847**	–
Tax payable		**23,098**	26,140
Total current liabilities		**1,779,065**	1,634,118
Net current assets		**675,809**	732,205
Total assets less current liabilities		**2,769,266**	2,429,564
Non-current liabilities			
Interest-bearing bank and other borrowings		**285,390**	289,080
Deferred tax liabilities		**71,241**	58,497
Deferred income		**389,235**	230,075
Total non-current liabilities		**745,866**	577,652
Net assets		**2,023,400**	1,851,912
Equity			
Equity attributable to owners of the Company			
Issued capital	*10*	**43,636**	42,606
Reserves		**1,979,748**	1,766,543
Proposed final dividend		**–**	35,921
		2,023,384	1,845,070
Non-controlling interests		**16**	6,842
Total equity		**2,023,400**	1,851,912

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2013

1. CORPORATE INFORMATION

China Singyes Solar Technologies Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in Bermuda on 24 October 2003. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Unit 3108, 31st Floor, China Merchants Tower, Shun Tak Center, 168-200 Connaught Road Central, Hong Kong.

During the six months ended 30 June 2013 (the "Period"), the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the design, manufacture, supply and installation of conventional curtain walls and building integrated photovoltaic ("BIPV") systems, as well as the manufacture and sale of solar power products. 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 Limited ("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 2012.

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 various types of government surcharges; and the invoiced value of goods and electricity 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 curtain wall (including solar power products) supply and installation services, 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 purposes 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			
	2013		2012	
	RMB'000	*%*	*RMB'000*	*%*
	(unaudited)		*(unaudited)*	
Construction contracts	**1,344,556**	**78.9**	1,001,599	77.7
Sale of goods	**354,859**	**20.8**	284,390	22.1
Sale of electricity	**2,170**	**0.1**	2,019	0.1
Rendering of design services	**3,067**	**0.2**	799	0.1
	1,704,652	**100.0**	1,288,807	100.0

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June			
	2013		2012	
	RMB'000	*%*	*RMB'000*	*%*
	(unaudited)		*(unaudited)*	
Mainland China	**1,679,416**	**98.5**	1,248,857	96.9
Outside Mainland China	**25,236**	**1.5**	39,950	3.1
	1,704,652	**100.0**	1,288,807	100.0

(b) Non-current assets

	30 June 2013 RMB'000 (unaudited)	%	31 December 2012 RMB'000	%
Mainland China	**2,028,911**	**99.2**	1,632,723	99.0
Hong Kong	**15,724**	**0.8**	16,248	1.0
	2,044,635	**100.0**	1,648,971	100.0

The non current assets information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

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	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Cost of construction contracts and design services	**1,000,489**	751,429
Cost of inventories sold	**274,255**	216,798
Cost of electricity sold	**2,198**	1,916
Depreciation	**32,429**	21,861
Amortisation of prepaid land lease payments	**1,007**	966
Amortisation of intangible assets	**388**	370
Minimum lease payments under operating leases	**2,820**	2,320
Research costs	**7,595**	6,587
Auditor's remuneration	**1,377**	1,271
Staff costs (including directors' and chief executives remuneration)	**94,395**	70,095
Provision of impairment of accounts receivable	**832**	–
Impairment of intangible assets	**1,063**	–
Exchange losses, net	**80**	43

5. INCOME TAX EXPENSE

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

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Current-Mainland China		
– Charge for the period	**45,937**	27,567
Deferred	**11,785**	10,235
Total tax charged for the period	**57,722**	37,802

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, Samoa and the British Virgin Islands, the Group is not subject to any income tax in Bermuda, Samoa and the British Virgin Islands.

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

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 shares of 646,680,855 (six months ended 30 June 2012: 630,759,998) in issue during the Period.

The calculation of the diluted earnings per share during the Period is based on the profit attributable to ordinary equity holders of the Company. 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.

No adjustment has been made to the basic earnings per share amount presented for the period ended 30 June 2012 in respect of a dilution as the exercise prices of the Company's outstanding share options were higher than the average market price of the Company's shares during the period ended 30 June 2012.

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

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit attributable to ordinary equity holders of the Company for basic and diluted earnings calculations	**170,919**	135,904
Weighted average number of ordinary shares in issue for basic earnings per share calculation	**646,680,855**	630,759,998
Effect of dilution:		
Share options	**14,505,340**	–
Weighted average number of ordinary shares adjusted for the effect of dilution	**661,186,195**	630,759,998

7. DIVIDENDS

The Directors of the Company do not recommend the payment of interim dividend (Six months ended 30 June 2012: nil).

8. TRADE AND BILLS RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Trade and bills receivables

	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000
Trade and bills receivables	**1,470,210**	1,283,999
Less: impairment	**(3,387)**	(2,555)
	1,466,823	1,281,444

As at 30 June 2013, trade and bills receivables contained the retention money receivables of RMB167,677,000 (31 December 2012: RMB185,954,000).

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

	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000
Within 3 months	**788,567**	737,358
3 to 6 months	**302,924**	381,710
6 to 12 months	**317,450**	102,257
1 to 2 years	**49,514**	55,194
2 to 3 years	**6,781**	4,412
Over 3 years	**1,587**	513
	1,466,823	1,281,444

Prepayments, deposits and other receivables

	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000
Prepayment to subcontractors and suppliers	**138,733**	23,068
Deposits	**36,642**	25,447
Other receivables	**13,756**	11,632
Less: Impairment	**(400)**	(400)
	188,731	59,747

9. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at 30 June 2013 and 31 December 2012, based on the invoice date, is as follows:

	30 June 2013 *RMB'000* *(unaudited)*	31 December 2012 *RMB'000*
Within 3 months	**323,436**	336,688
3 to 6 months	**365,998**	133,064
6 to 12 months	**13,141**	24,874
1 to 2 years	**19,228**	13,150
2 to 3 years	**3,980**	3,284
Over 3 years	**4,505**	4,305
	730,288	515,365

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

10. ISSUED CAPITAL

	30 June 2013 *US'000* *(unaudited)*	31 December 2012 *US'000*
Authorised: 1,200,000,000 ordinary shares of US$0.01 each	**12,000**	12,000
Issued and fully paid: 649,257,996 (31 December 2012: 632,861,997) ordinary share of US$0.01 each	**6,493**	6,329
Equivalent to RMB'000	**43,636**	42,606

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

	Number of shares in issue	**Issued capital** *RMB'000*
At 1 January 2013	**632,861,997**	**42,606**
Share options exercised (unaudited)	**16,395,999**	**1,030**
At 30 June 2013 (unaudited)	**649,257,996**	**43,636**

11. EVENTS AFTER THE REPORTING PERIOD

On 18 July 2013, the Company entered into a term facility agreement with Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. Pursuant to the agreement, the Company will be granted loan facilities with an initial aggregate amount of US$90 million, which will be divided into two tranches: (i) US$25 million with final maturity terms of five calendar years bearing an interest rate at 6% per annum above LIBOR; and (ii) US$65 million with final maturity terms of three calendar years bearing an interest rate at 4.25% per annum above LIBOR. These facilities will be secured by the Company's equity interests in certain subsidiaries of the Group. The relevant pledged agreement ancillary to the term facility agreement has been still in the preparation up to the date of approval of the interim condensed financial information.

Up to the date of approval of the interim condensed financial information, the Company has not utilised the loan facilities.

As announced by the Company on 29 August 2013, the Company has entered into a legally binding framework agreement with Goldpoly New Energy Holdings Limited ("Goldpoly"), a company listed on Main Board of the Stock Exchange of Hong Kong Limited (stock code 686) to transfer approximately 100MW to Goldpoly. The completion of this transaction is subject to certain conditions precedent, details of which were set out in an announcement of the Company dated 29 August 2013.

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 Building Integrated Photovoltaic System ("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, solar thermal and air source heat pump. 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.

Stable growth in conventional curtain wall business

During the six months ended 30 June 2013, revenue from conventional curtain wall business increased slightly by 6.6%. The Group's long term strategy is to gradually shift our focus to the more profitable renewable energy area and hence relatively less resources is allocated to the curtain wall sector. Despite the slow growth, gross profit margin was slightly improved, the main reason was because we are now more focusing on green building projects and their profit margin is higher.

BIPV and solar related projects

Revenue from BIPV increased by 61.1% during the Period, majority of the projects involved during the Period were brought forward from previous year Golden Sun and Solar Roof Top program.

Total project delivery for third party projects during the Period is RMB 819.2 million, increased by 61.1% compared with same period last year. On top of that, we also built around 67MW of self-invest solar projects during the Period ended 30 June 2013, and we expect approximately 115MW will be completed by the end of August 2013.

Starting from year 2013, the Chinese government may gradually change its supporting policy from one-off construction subsidy to feed-in-tariff or distribution power program. The Chinese government also revised the solar installation target by 2015 from 21GW to 35GW. Under the new feed-in-tariff or distribution power program, investor's return will be based on the amount of electricity generation per year and the feed-in electricity prices in that region. As a reputable and first-moving solar construction company, with the combination of our proven track record, our expertise, our technical know-how and our experience, our Group will be able to maintain its competitive position in this area.

Development of renewable energy goods and new materials

We have launched a variety kind of renewable energy goods in recent years, including solar thermal system, solar heat pumb and Indium Tin Oxide ("ITO") business. The increase in importance in environmental protection helps to stimulate the sale of our renewable energy goods.

Revenue from renewable energy and new material goods increased from RMB170.5 million in first half 2012 to RMB216.7 million during the Period. During the period, the sale in BIPV components, solar thermal and ITO materials also recorded stable growth.

Overseas business opportunities

Revenue outside Mainland China accounted for approximately 1.5% of our total revenue in first half of 2013. The revenue from overseas during the Period were mainly from the sale of goods, including renewable energy goods and conventional materials.

Orders on hand

Up to the date of this announcement, we have approximately RMB2.1 billion of orders on hand. Which included approximately 150MW of BIPV or solar power system, green building projects and other solar power products.

Apart from that, the Group also secured another 80MW of self-invest solar projects on hand and expected to be completed by end of this year.

Strategic co-operation agreement

On 29 August 2013, the Company has entered into a legally binding framework agreement with Goldpoly New Energy Holdings Limited ("Goldpoly"), a company listed on Main Board of the Stock Exchange of Hong Kong Limited (stock code 686) to transfer approximately 100MW to Goldpoly. The completion of this transaction is subject to certain conditions precedent.

BUSINESS AND FINANCIAL REVIEW

Revenue

The following table set out the breakdown of revenue:

	For the six months ended 30 June	
	2013	2012
	RMB million	*RMB million*
	(unaudited)	*(unaudited)*
Conventional curtain walls		
– Public work	**124.4**	90.2
– Commercial and industrial buildings	**381.5**	359.7
– High-end residential buildings	**19.5**	43.1
	525.4	493.0
BIPV		
– Public work	**20.6**	180.3
– Commercial and industrial buildings	**798.6**	328.3
	819.2	508.6
Construction contracts total	**1,344.6**	1,001.6
Sale of goods		
– conventional materials	**138.2**	113.9
– renewable energy and new material goods	**216.7**	170.5
	354.9	284.4
Rendering of design and other services	**3.0**	0.8
Sale of electricity	**2.2**	2.0
Total Revenue	**1,704.7**	1,288.8

Gross profit and gross profit margin	**For the six months ended 30 June**			
	2013		2012	
Construction contracts	***RMB million (unaudited)***	***%***	*RMB million (unaudited)*	*%*
– Conventional curtain walls	**86.3**	**16.4**	75.4	15.3
– BIPV	**258.3**	**31.5**	175.3	34.5
	344.6	**25.6**	250.7	25.0
Sale of goods				
– conventional materials	**25.8**	**18.7**	21.3	18.7
– renewable energy and new material goods	**55.1**	**25.4**	46.3	27.2
	80.9	**22.8**	67.6	23.8
Rendering of design services	**2.2**	**73.3**	0.3	37.5
Sale of electricity	**–**	**–**	0.1	5.0
Overall Gross Profit Margin	**427.7**	**25.1**	318.7	24.7

The Group's revenue increased by RMB415.9 million or 32.3%, from RMB1,288.8 million in first half 2012 to RMB1,704.7 million in first half 2013. While gross profit increased by RMB109.0 million, from RMB318.7 million in first half 2012 to RMB427.7 million in first half 2013.

1) The Group's revenue from conventional curtain wall business increased slightly by RMB32.4 million or 6.6%. The Group's long term strategy is to shift its focus to more profitable solar-related businesses and hence only a stable growth in conventional curtain wall business is noted.

   Stable growth was noted in both public and commercial sector, while revenue from residential sector dropped. Residential curtain wall is not a major focus of the Group and more resources were allocated to public and commercial sectors because of the higher average margin.

   Gross profit and gross profit margin during the Period was RMB86.3 million and 16.4%, respectively. Gross margin slightly improved from 15.3% to 16.4% from first half 2012 to first half 2013. The improvement in gross margin was because the Group is more actively involved in high end and energy saving curtain wall projects and their margin will usually be higher.

2) Revenue from BIPV business increased by RMB310.6 million or 61.1%, from RMB508.6 million in first half 2012 to RMB819.2 million in first half 2013.

   The increase in BIPV revenue was mainly contributed by the commercial and industrial sector. Due to the significant drop in material costs in recent years, the investment return for a solar project is high enough to draw commercial investor interest and hence our revenue from commercial and industrial sector increased significantly. Gross profit margin dropped slightly from 34.5% in first half 2012 to 31.5% in first half 2013, although there will be slight pricing pressure due to market transparency and competition, the Directors are still confident to maintain a relative high margin for our BIPV business.

3) Sale of goods increased by RMB70.5 million or 24.8%, from RMB284.4 million in first half 2012 to RMB354.9 million in first half 2013. Sale of goods comprise sale of conventional materials and sale of renewable energy and other new material goods.

   Sale of conventional materials increased by RMB24.3 million or 21.3%, from RMB113.9 million in first half 2012 to RMB138.2 million in first half 2013.

   Sale of renewable energy and new material goods increased by RMB46.2 million or 27.1%, from RMB170.5 million to RMB216.7 million. Sale of renewable energy and new material goods comprise sale of BIPV components, solar thermal collector and air-source heat pump, ITO and other solar related materials. Gross profit margin dropped slightly from 27.2% in first half 2012 to 25.4% in first half 2013. Margin drop was because our Group lowered the selling price in this year to stimulate the sale.

Other income and gains

Other income and gains mainly represented interest income from bank deposits and government grants. During the Period, we received approximately RMB6.6 million (30 June 2012: RMB4.0 million) from the government to reward our commitment to solar energy. Interest income also increased from RMB1.4 million for the period ended 30 June 2012 to RMB4.5 million during the Period.

Selling and distribution expenses

Selling and distribution expenses increased by RMB9.8 million or 36.1%. 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 RMB34 million or 37.7%. 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 staff costs 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 2012.

Finance costs

The Group's finance costs increased by RMB15.7 million. Total interest expense increased from RMB25.1 million in the first half year of 2012 to RMB38.0 million in the first half year of 2013. The main reason was the increase of the total bank loans from RMB867.4 million as at 30 June 2012 to RMB1,136.3 million as at 30 June 2013. During the Period, the Group incurred RMB9.5 million on other finance costs it included interest on discounted bills and bank charges.

	For the six months ended 30 June	
	2013	2012
	RMB'million	*RMB'million*
Interest on bank loans wholly repayable within five years	**38.0**	25.1
Others	**9.5**	6.8
	47.5	31.9

Income tax expense

Income tax expense during the Period included RMB45.9 million of taxation charge and RMB11.8 million of deferred tax charge. For the period ended 30 June 2012, it included RMB27.6 million of taxation charge and RMB10.2 million of deferred tax charge.

The RMB45.9 million of taxation charges represented the income tax provision for subsidiaries inside Mainland China.

Deferred tax charges in the Period amounted to RMB11.8 million, it mainly represented the provision for dividend withholding tax based on 5% of the net profit of our operating subsidiaries located inside Mainland China of RMB12.7 million and deferred tax credit of RMB0.9 million in respect of government grants recognised. In the first half of 2012, deferred tax charge of RMB10.2 million mainly represented dividend withholding tax.

Healthy current ratio

The current ratio being current assets over current liabilities, was 1.38 as at 30 June 2013 (31 December 2012: 1.45).

Trade receivables/trade payables turnover days

Turnover days	**30 June 2013** *(unaudited)* **Days**	31 December 2012 Days
Trade receivables	**146**	132
Trade payables	**88**	62

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 2013 was 146 days, Although there are 14 days increase in trade receivable days, the Directors believe that there shall have no collection problem. 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 88 days. The Directors will continue to closely monitor the trade receivables and payables position for the long term sustainability and healthiness of the Group's operation.

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 2013, the Group had approximately RMB436.4 million of cash and cash equivalents, approximately RMB 198.1 million of pledged deposits and approximately RMB1,136.3 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. The Group's gearing ratio represented by consolidated net borrowings (total bank loans minus cash and cash equivalents) to total equity at 30 June 2013 was 34.6% (31 December 2012: 27.5%). The increase in gearing ratio was because new loans were raised for our capital expenditures. 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 RMB436.2 million and mainly represented the construction of self-invest solar system and the acquisition of certain land use rights.

For the first half of 2012, capital expenditures amounted to approximately RMB307.7 million and mainly for the construction of factory in Zhuhai and Hunan.

Borrowings and bank facilities

The outstanding borrowings comprised bank loans of RMB1.136.3 million with effective interest rates ranging from Hong Kong Inter Bank Offered Rate ("HIBOR") + 0.95% to HIBOR + 4% for loans in Hong Kong and 5.04% - 8.2% for loans inside Mainland China. As at 30 June 2013, the Group had total banking facilities of RMB3,118.1 million. We have utilised RMB1,136.3 as bank loans and RMB616.0 million as trade financing activities (including letter of credits, bills, performance bond and discounted bills etc). The remaining banking facilities limit of RMB1,365.8 million mainly represented 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 2013		
If RMB weakens against US$	**(5%)**	**1,834**
If RMB strengthens against US$	**5%**	**(1,834)**
If RMB weakens against HK$	**(5%)**	**(667)**
If RMB strengthens against HK$	**5%**	**667**

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 2012: nil).

HUMAN RESOURCES

As at 30 June 2013, the Group had about 2,200 employees. Employee salary and other benefit expenses increased to approximately RMB93.1 million in the first half year of 2013 from approximately RMB67.6 million in the first half of 2012, which represented an increase of 37.7%. This is because of the increase in headcount and the increase in salary and bonus. 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 Mainland China 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.2.1 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.2.1 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.singyessolar.com and the 2013 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, 29 August 2013

As at the date of this announcement, the executive Directors are Mr. Liu Hongwei (Chairman), 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.