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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board of directors (the "Director") of China Singyes Solar Technologies Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017.

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Revenue	**5,675,386**	5,239,564
Adjusted EBITDA*	**1,058,172**	932,563
Profit before tax	**270,378**	626,922
Income tax expense	**119,972**	114,373
Profits attributable to owners of the Company	**143,797**	501,961
Gross profit margin (including tariff adjustment)	**22.3%**	23.0%
Adjusted EBITDA margin	**18.6%**	17.8%
Earnings per share attributable to ordinary equity holders		
– Basic	**RMB0.172**	RMB0.661
– Diluted	**RMB0.172**	RMB0.659
Final dividend per share proposed	**HK$0.03**	HK$0.07

* Earnings before interest, tax, depreciation and amortisation, fair value gains on conversion rights of convertible bonds, fair value gain/(loss) on derivative financial instruments, and gain on disposal of property, plant and equipment

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**5,675,386**	5,239,564
Cost of sales		**(4,536,529)**	(4,104,854)
Gross profit		**1,138,857**	1,134,710
Tariff adjustment	*3*	**166,682**	93,224
Other income and gains		**178,887**	243,076
Selling and distribution expenses		**(155,265)**	(129,029)
Administrative expenses		**(363,190)**	(356,112)
Other expenses		**(76,428)**	(15,984)
Finance costs		**(621,333)**	(368,028)
Share of losses of associates		**(13,059)**	(23,260)
Fair value gains on conversion rights of convertible bonds		**15,227**	48,325
Profit before tax	*4*	**270,378**	626,922
Income tax expense	*5*	**(119,972)**	(114,373)
Profit for the year		**150,406**	512,549
Other comprehensive income/(loss):			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent years:			
Available-for-sale investments:			
Changes in fair value		**2,882**	—
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent years:			
Exchange differences on translation of financial statements		**110,479**	(82,218)
Other comprehensive income/(loss) for the year		**113,361**	(82,218)
Total comprehensive income for the year		**263,767**	430,331

	Note	Year ended 31 December **2017** ***RMB'000***	2016 *RMB'000*
Profit attributable to:			
Owners of the Company		**143,797**	501,961
Non-controlling interests		**6,609**	10,588
		150,406	512,549
Total comprehensive income attributable to:			
Owners of the Company		**257,902**	419,743
Non-controlling interests		**5,865**	10,588
		263,767	430,331
Earnings per share attributable to ordinary equity holders of the Company			
– Basic	*6*	**RMB0.172**	RMB0.661
– Diluted	*6*	**RMB0.172**	RMB0.659

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment		**4,283,977**	4,363,547
Investment properties		**75,183**	68,150
Prepaid land lease payments		**198,964**	203,001
Intangible assets		**2,815**	3,105
Payments in advance		**18,645**	9,114
Investments in associates	*8*	**(1,443)**	11,126
Deferred tax assets		**49,051**	32,288
Available-for-sale investments		**57,569**	80,512
Pledged deposits		**14,650**	17,352
Total non-current assets		**4,699,411**	4,788,195
Current assets			
Inventories		**111,803**	182,600
Construction contracts		**976,179**	710,543
Trade and bills receivables	*9*	**3,751,855**	3,373,065
Prepayments, deposits and other receivables	*9*	**952,651**	871,083
Available-for-sale investments		**208,234**	—
Derivative financial instruments	*11*	**—**	22,961
Pledged deposits		**472,372**	365,879
Cash and cash equivalents		**1,202,423**	680,205
Total current assets		**7,675,517**	6,206,336
Current liabilities			
Trade and bills payables	*10*	**1,294,073**	1,345,952
Other payables and accruals	*10*	**549,511**	510,622
Bank advances for discounted bills		**13,722**	144,949
Derivative financial instruments		**34,005**	—
Interest-bearing bank and other loans		**1,265,188**	1,148,300
Tax payable		**40,741**	21,939
Senior notes		**1,239,028**	554,211
Total current liabilities		**4,436,268**	3,725,973
Net current assets		**3,239,249**	2,480,363
Total assets less current liabilities		**7,938,660**	7,268,558
Non-current liabilities			
Convertible bonds	*12*	**80,819**	719,216
Senior notes	*13*	**1,677,498**	216,792
Interest-bearing bank and other loans		**1,438,922**	1,769,970
Deferred tax liabilities		**86,860**	86,860
Deferred income		**164,228**	271,470
Total non-current liabilities		**3,448,327**	3,064,308
Net assets		**4,490,333**	4,204,250
Equity attributable to owners of the Company			
Issued capital	*14*	**55,785**	55,785
Reserves		**4,345,753**	4,086,037
		4,401,538	4,141,822
Non-controlling interests		**88,795**	62,428
Total equity		**4,490,333**	4,204,250

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 year, 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 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 year.

In the opinion of the directors, the parent and the ultimate holding company of the Company is Strong Eagle Holdings Limited , which is incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB") and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect and the disclosure requirements of the Hong Kong companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, conversion rights of convertible bonds, and certain available-for-sale investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in *Annual Improvements to IFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of IFRS 12*

None of the above amendments to IFRSs has had a significant financial effect on these financial statements. Disclosure will be made in the financial statements of the annual report upon the adoption of amendments to IAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

3. OPERATING SEGMENT INFORMATION AND REVENUE

Revenue represents an appropriate proportion of contract revenue of construction contracts; net of government surcharges; and invoiced value of goods and electricity sold, and net of value-added tax and government surcharges.

The Group's revenue and contribution to profit for the year were mainly derived from construction and installation of curtain walls (including solar power products), as well as operation and management of solar photovoltaic power stations, 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 resource 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.

Information about products and services

The following table sets forth the total revenue from external customers by product and service and the percentage of total revenue by product and service during the year:

	2017		2016	
	RMB'000	*%*	*RMB'000*	*%*
Construction contracts	**4,263,938**	**75.1**	3,849,519	73.4
Sale of goods	**1,273,592**	**22.4**	1,308,550	25.0
Rendering of design services	**13,268**	**0.2**	13,174	0.3
Rendering of operation and maintenance service	**9,202**	**0.2**	—	—
Sale of electricity	**115,386**	**2.0**	68,321	1.3
Revenue	**5,675,386**	**100.0**	5,239,564	100.0
Tariff adjustment*	**166,682**		93,224	

* Tariff adjustment represents subsidies receivable from the government authorities in respect of the Group's solar photovoltaic power station business.

Geographical information

(a) Revenue from external customers

	2017		2016	
	RMB'000	*%*	*RMB'000*	*%*
Domestic – Mainland China *	**5,132,397**	**90.4**	4,840,311	92.4
Hong Kong	**302,890**	**5.3**	187,850	3.5
Oceania	**178,844**	**3.2**	—	—
Macau	**20,033**	**0.4**	156,357	3.0
Africa	**21,987**	**0.4**	—	—
Malaysia	**12,205**	**0.2**	55,046	1.1
United States	**7,030**	**0.1**	—	—
	5,675,386	**100.0**	5,239,564	100.0

* The place of domicile of the Group's principal operating subsidiaries is Mainland China. The principal revenues of the Group are generated in Mainland China.

(b) ***Non-current assets***

	2017		2016	
	RMB'000	*%*	*RMB'000*	*%*
Mainland China	**4,573,938**	**99.6**	4,639,545	99.5
Hong Kong	**20,118**	**0.4**	24,436	0.5
Others	**178**	**—**	288	0.0
	4,594,234	**100**	4,664,269	100.0

The non-current asset information above is based on the locations of the assets and excludes investments in associates, deferred tax assets and available-for-sale investments.

Information about major customers

Revenue of approximately RMB684,061,000 (2016: Nil) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2017	2016
	RMB'000	*RMB'000*
Cost of construction contracts and design services	**3,390,423**	3,015,663
Cost of inventories sold	**1,042,159**	1,020,301
Cost of electricity sold	**99,920**	68,890
Cost of operation and maintenance services	**4,027**	—
Depreciation of property, plant and equipment	**177,677**	151,275
Depreciation of investment properties	**1,494**	557
Amortisation of prepaid land lease payments	**3,896**	2,133
Amortisation of intangible assets	**964**	936
Total depreciation and amortisation	**184,031**	154,901
Employees benefit expense (including directors' and chief executive's remuneration)	**281,579**	268,053
Minimum lease payments under operating leases	**12,786**	7,905
Research costs	**15,271**	11,312
Auditors' remuneration	**9,610**	8,590
Transaction costs related to listing shares of a subsidiary	**5,523**	9,696
Impairment loss on trade receivables	**5,151**	21,390
Loss on settlement of derivative financial instruments	**12,036**	6,960
Fair value loss/(gains) on derivative financial instruments	**56,966**	(22,961)
Interest income from available for-sale debt instruments	**(3,471)**	(1,413)
Gains on disposal of items of property, plant and equipment	**(59,309)**	(146,002)
Operating lease rentals	**(2,558)**	(1,286)
Exchange gains, net	**(24,110)**	(12,371)

5. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the respective countries or jurisdictions 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 Macau, Malaysia, Singapore and Nigeria profits tax has been made as the Group had no assessable profits derived from or earned in Macau, Malaysia, Singapore and Nigeria during the year.

Mainland China profits tax has been provided at the respective corporate income tax ("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 year.

Hong Kong profits tax has been provided at the applicable CIT rate of 16.5% as determined in accordance with the Hong Kong income tax rules for the year.

The major components of income tax expense for the year are as follows:

	2017	2016
	RMB'000	*RMB'000*
Current – Charge for the year		
– Mainland China	**135,617**	111,354
– Macau	**—**	1,200
– Hong Kong	**1,118**	—
Deferred	**(16,763)**	1,819
Total tax charge for the year	**119,972**	114,373

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 year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 843,073,195 (2016: 759,613,349) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company as used in the basic earnings per share calculation, adjusted to reflect the interest on the convertible bonds and fair value changes on the conversion rights of the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the year, 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:

	2017	2016
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation:	**143,797**	501,961
Interest on convertible bonds*	**—**	—
Less: fair value gains on the conversion rights of the convertible bonds*	**—**	—
Profit attributable to ordinary equity holders of the Company before interest on convertible bonds and fair value gains on the conversion rights of the convertible bonds	**143,797**	501,961

	Number of shares	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**834,073,195**	759,613,349
Effect of dilution – weighted average number of ordinary shares:		
Share options	**1,167,298**	1,772,823
Convertible bonds*	**—**	—
	835,240,493	761,386,172

* The computation of diluted earnings per share for the year ended 31 December 2017 does not assume the exercises of convertible bonds for the year ended 31 December 2017 since assuming such exercises would result in an increase in earnings per share.

7. DIVIDENDS

	2017	2016
	RMB'000	*RMB'000*
Proposed final – HK3 cents (2016: HK7 cents) per ordinary share	**20,916**	52,226

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. INVESTMENTS IN ASSOCIATES

	2017	2016
	RMB'000	*RMB'000*
Unlisted investments, at cost	**40,820**	40,330
Share of losses of associates	**(42,263)**	(29,204)
Aggregate carrying amount of the Group's investments in the associates	**(1,443)**	11,126

In the opinion of the directors, there were no material associates of the Group during the year.

The Group's shareholdings in the associates are held through the subsidiaries of the Company.

The Group continued the recognition of its share of losses of associates despite the share of losses of these associates exceeded the Group's interests in these associates because the Group has capital contribution obligation to associates. Further losses of RMB20,721,000 (2016: 19,915,000) were not recognised in profit or loss during the year due to the share of losses of an associate exceeded the Group's capital contribution, for which the Group has no obligation.

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

	2017	2016
	RMB'000	*RMB'000*
Trade and bills receivables		
Trade receivables	**3,384,921**	3,122,110
Bills receivable	**420,902**	299,772
Less: impairment	**(53,968)**	(48,817)
	3,751,855	3,373,065

As at 31 December 2017, trade receivables contained retention money receivables of RMB450,821,000 (2016: RMB355,523,000). Retention money receivables are normally collected within one to five years after the completion of the relevant construction work.

Credit terms granted to the Group's major customers are as follows:

Construction contracts

The majority of the Group's revenues are generated from construction contracts and are settled in accordance with the terms specified in the contracts governing the relevant construction work. The Group does not have a standardised and universal credit period granted to its construction contract customers. The credit periods for individual construction contract customers are considered on a case-by-case basis and set out in the construction contracts, as appropriate. In the event that a project contract does not specify the credit period, the usual practice of the Group is to allow a credit period of 30 to 180 days.

Sale of materials

For the sale of materials, the Group normally grants credit periods ranging from three to six months to major customers. Trade receivables from small and new customers are normally expected to be settled shortly after delivery of goods. No credit period is set by the Group for small and new customers.

Sale of electricity

The Group's trade receivables from the sale of electricity are mainly receivables from the State Grid Corporation of China ("State Grid"). Generally, trade receivables are usually settled within one month from the date of billing.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

During the year, trade receivables net of impairment, of RMB142,500,000 (2016:Nil) were factored to the bank without recourse, where substantially all risks and rewards of ownership had been transferred in the opinion of the directors. Since the Group does not have continuing involvement in the transferred assets, the trade receivables were therefore derecognised.

The Group's trade receivables include amounts due from the Group's associates of RMB354,398,000 (2016: RMB371,270,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

The Group has pledged trade receivables of approximately RMB12,551,000 (2016: RMB5,598,000) to secure bank and other loans granted to the Group.

An aging analysis of the trade and bills receivables as at the end of the reporting period, based on the billing date and net of impairment, is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**2,016,727**	1,630,871
3 to 6 months	**789,072**	372,652
6 to 12 months	**591,733**	1,057,272
1 to 2 years	**293,350**	172,676
2 to 3 years	**24,515**	128,829
Over 3 years	**36,458**	10,765
	3,751,855	3,373,065

	2017	2016
	RMB'000	*RMB'000*
Prepayments, deposits and other receivables		
Prepayments to subcontractors and suppliers	**243,031**	135,386
Deposits	**182,320**	55,745
Tariff adjustment receivables*	**137,271**	122,009
Deferred listing fees of a subsidiary	**—**	3,084
Other receivables	**394,607**	559,437
	957,229	875,661
Less: impairment	**(4,578)**	(4,578)
	952,651	871,083

The Group's prepayments, deposits and other receivables include amounts due from the Group's associates of RMB126,392,000 (2016: RMB97,980,000).

The Group has pledged tariff adjustment receivables of approximately RMB108,633,000 (2016: RMB103,293,000) to secure bank loans granted to the Group.

The balances included in other receivables of approximately RMB197,482,000 (2016: RMB275,311,000), which are secured by the rights on the annual return of the 153.8MW solar photovoltaic power stations, bear interest at rates ranging from 4.35% to 5% per annum and will fall due in 2018.

* The Group's tariff adjustment receivables from the sale of electricity are mainly receivables from the State Grid. Tariff adjustment receivables represented the government subsidies on renewable energy for ground projects to be received from the State Grid based on the prevailing government policies.

10. TRADE AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUALS

An aging analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date or issuance date, where appropriate, is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**503,275**	834,118
3 to 6 months	**643,064**	366,059
6 to 12 months	**65,534**	89,032
1 to 2 years	**52,066**	33,496
2 to 3 years	**10,707**	9,641
Over 3 years	**19,427**	13,606
	1,294,073	1,345,952

The trade and bills payables are non-interest-bearing and are normally settled within one to six months. As at 31 December 2017, the Group's bills payable were secured by the pledged deposits amounting to RMB345,774,000 (2016: RMB323,831,000)

	2017	2016
	RMB'000	*RMB'000*
Other payable and accruals		
Advances from customers	**131,857**	209,232
Tax and surcharge payables	**180,743**	76,106
Accrued expenses	**23,181**	22,550
Other payables	**213,730**	202,734
	549,511	510,622

Other payables and accruals are unsecured, non-interest-bearing and have no fixed terms of repayment.

The Group entered into a sale and purchase agreement in 2016 and a supplemental agreement in 2017 (together as the "Agreements") with Excel Deal Investment Limited (the "Purchaser") to sell 81% equity interests in Xinjiang Singyes Renewable Energy Technology Co., Ltd. and Wuwei Dongrun Solar Energy Development Co., Ltd. (together as the "Target Subsidiaries"). As at 31 December 2017, the Group has received deposits in relation to the sale of equity interests in the Target Subsidiaries aggregated to RMB26,934,000 (2016: RMB22,434,000), the transaction has not yet been fulfilled. Pursuant to the Agreements, the long stop date of the transaction is 31 December 2017 or later date as the parties agree in writing, the written agreement has not been reached as the Group and the Purchaser is in negotiation.

11. DERIVATIVE FINANCIAL INSTRUMENTS

		31 December 2017		31 December 2016	
		RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
	Notes	***Assets***	***Liabilities***	*Assets*	*Liabilities*
Swaps at fair value:					
Cross-currency interest rate swaps	*(a)*	**—**	**(7,840)**	22,961	—
Interest rate swaps	*(b)*	**—**	**—**	—	—
Currency swaps	*(c)*	**—**	**(26,165)**	—	—
		—	**(34,005)**	22,961	—

Derivative financial instruments are not held for trading purpose and represent fair value losses on cross-currency interest rate swap contracts and currency swap contracts as at 31 December 2017.

Notes:

(a) The Group uses cross-currency interest rate swaps to manage its currency and interest risks. On 28 January 2016 and 2 November 2016, the Group entered into cross-currency interest rate swap contracts with banks, covering a period from 19 February 2016 to 13 August 2018. The cross-currency interest rate swap contracts entitle the Group to receive interest at floating rates on an aggregate notional principal of US$100 million and to pay interest at fixed rates on an aggregate notional principal of RMB669 million simultaneously. The Group agreed with the banks to swap the interest difference between fixed rate and floating rate, as well as the currency difference between US$ and RMB, respectively, on the respective deemed notional principal amounts on a three-month basis. During the year, the notional principal of US$20 million and RMB135.6 million in cross-currency interest rate swap contracts has been expired.

(b) The Group uses interest rate swaps to manage its interest rate risk. On 30 June 2015, the Group entered into interest rate swap contracts with the bank, covering periods from 30 June 2015 to 29 June 2018. The interest rate swap contracts entitle the Group to receive interest at floating rate on an aggregate notional principal of US$5 million (equivalent to approximately RMB33 million) and to pay interest at fixed rate on the same notional principal amount simultaneously. The Group agreed with the bank to swap the interest difference between fixed rate and floating rate, on the deemed notional principal amount on a three-month basis. As at 31 December 2017, the fair value of the interest rate swaps was estimated to be zero.

(c) The Group uses currency swaps to manage its currency risks. On 10 March 2017 and 13 March 2017, the Group entered into currency swap contracts with banks, covering a period from 14 March 2017 to 15 February 2019. The currency swap contracts entitle the Group to receive interest at fixed rates on an aggregate notional principal of US$60 million and to pay interest at fixed rates on an aggregate notional principal of RMB413.85 million simultaneously. The Group agreed with the banks to swap the currency difference between US$ and RMB, on the respective deemed notional principal amounts on a six-month basis.

12. CONVERTIBLE BONDS

	Notes	2017 RMB'000	2016 RMB'000
Convertible bonds, liability component	*(a)*	**80,819**	703,989
Fair value of embedded derivatives	*(b)*	**—**	15,227
		80,819	719,216

On 8 August 2014, the Company issued 930 units 5% convertible bonds in the denomination of RMB1,000,000 each due 8 August 2019 (the "2019 Convertible Bonds") with a nominal value of RMB930,000,000. The Company repurchased 6 units of these convertible bonds during the year ended 31 December 2015 and 108 units during the year, respectively, and redeemed 720 units during the year. As at 31 December 2017, 96 units of those convertible bonds remained.

Pursuant to the terms and conditions of the subscription agreement dated 8 August 2014, the conversion price of the 2019 Convertible Bonds was adjusted to HK$15.41 due to the cash dividends paid by the Company during the year ended 31 December 2017.

The salient terms and conditions of the 2019 Convertible Bonds are as follows:

(i) Interest rate

The Company shall pay interest on the 2019 Convertible Bonds at 5.0% per annum.

(ii) Conversion price

The 2019 Convertible Bonds will be convertible into the company's ordinary shares at the initial conversion price of HK$16.11 per share, subject to adjustments. Amongst others, consolidation, subdivision or reclassification of shares, capitalisation of profits or reserves, capital distribution, rights issues of shares or options over shares, rights issues of other securities, issues at less than the current market price, other issues at less than the current market price, modification of rights of conversion, other offers to shareholders, change of control and other usual adjustment events. The conversion price may not be reduced so that the conversion shares would fall to be issued at a discount to their par value.

(iii) Maturity

Unless previously redeemed, converted, or purchased and cancelled, the Company will redeem each of the 2019 Convertible Bonds at the US Dollar equivalent of the RMB principal amount on 8 August 2019.

(iv) Redemption at the option of the Company

The Company may:

(1) Upon giving not less than 30 nor more than 60 days' notice to the bondholders, at any time after 8 August 2017 but not less than 14 days prior to the maturity date redeem the bonds in whole but not in part at a redemption price at the US Dollar equivalent of the RMB principal amount plus accrued and unpaid interest to such date; provided that no such redemption may be made unless the closing price of the shares (translated into RMB at the RMB:HK$ fixed rate as set out in the terms and conditions of the 2019 convertible bonds) for 20 out of 30 consecutive trading days ending on a date which is no more than three stock exchange business days immediately prior to the date upon which notice of such redemption is given, was at least 130%. of the conversion price then in effect (translated into RMB at the RMB:HK$ fixed rate as set out in the terms and conditions of the 2019 convertible bonds); or

(2) Upon giving not less than 30 nor more than 90 days' notice to the bondholders and the Trustee (which notice will be irrevocable), the Company may at any time redeem all, but not some only, of the bonds for the time being outstanding at the US Dollar equivalent of the RMB principal amount plus accrued and unpaid interest to such date provided that prior to the date of such notice at least 90% of the RMB principal amount of the bonds originally issued have already been converted, redeemed or purchased and cancelled.

(v) Redemption at the option of the holders

The Company will, at the option of the holder of any 2019 Convertible Bonds, redeem all or some only of such holder's 2019 Convertible Bonds on 8 August 2017 at the US Dollar equivalent of the RMB principal amount.

(vi) Redemption of delisting or change of control

Following the occurrence of a change of control (means when Mr. Liu Hongwei ceases for any reason to be the majority shareholder of the Company or any other events lead to the significant change of the ownership structure of the Company, "Change of Control") or delisting of the Company (including suspension of trading of the Shares on the stock exchange for a period equal to or more than 20 consecutive trading days) (the "Relevant Event"), the holder will have the right to require the Company to redeem all, or but not some only, of such holder's 2019 Convertible Bonds at the US Dollar equivalent of the RMB principal amount plus accrued and unpaid interest to the date fixed for redemption.

The fair value of the 2019 Convertible Bonds was determined by an independent qualified valuer based on the binomial option pricing model. The carrying amount of the liability component on initial recognition was measured at the proceeds of the 2019 Convertible Bonds (net of transaction cost) minus the fair value of the embedded derivatives of the 2019 Convertible Bonds.

(a) Liability component

	2017	2016
	RMB'000	*RMB'000*
Liability component at 1 January	**703,989**	634,017
Effective interest recognised for the year	**73,197**	116,299
Loss on repurchase of bonds	**22,460**	—
Loss on redemption of bonds	**137,920**	—
Interest payable during the year	**(28,747)**	(46,327)
Repurchase of bonds	**(108,000)**	—
Redemption of bonds	**(720,000)**	—
As at 31 December	**80,819**	703,989

(b) Conversion rights

	2017	2016
	RMB'000	*RMB'000*
Fair value of conversion rights at 1 January	**15,227**	63,552
Less: fair value changes of conversion rights	**(15,227)**	(48,325)
Fair value of conversion rights at 31 December	**—**	15,227

The fair value change of the conversion rights for the year ended 31 December 2017 was RMB15,227,000 (2016: RMB48,325,000), which was recognised in profit or loss and disclosed separately. The related interest expense of the liability component of the 2019 Convertible Bonds for the year amounted to RMB233,577,000 (2016: RMB116,299,000), including loss on repurchase and redemption of bonds and effective interest recognised which is calculated using the effective interest method with an effective interest rate of 17.79% per annum.

13. SENIOR NOTES

		2017	2016
	Notes	***RMB'000***	*RMB'000*
2017 Senior Notes	*(a)*	**—**	554,211
2018 HKD Senior Notes	*(b)*	**208,221**	216,792
2018 USD Senior Notes	*(c)*	**1,030,807**	—
2019 Senior Notes	*(d)*	**1,677,498**	—
		2,916,526	771,003

(a) 2017 Senior Notes

On 21 November 2014, the Company issued 7.875% senior notes with an aggregate nominal value of RMB560,000,000 (the "2017 Senior Notes") at face value. The net proceeds, after deducting the issuance costs, amounted to approximately RMB542,327,000. The 2017 Senior Notes mature on 21 November 2017 and was listed on the HKSE before maturity (stock code: 85704).

The 2017 Senior Notes recognised in the consolidated statement of financial position are calculated as follows:

	2017	2016
	RMB'000	*RMB'000*
Carrying amount at 1 January	**554,211**	548,200
Effective interest recognised during the year	**45,056**	50,111
Interest payable during the year	**(39,267)**	(44,100)
Principal repaid during the year	**(560,000)**	—
Carrying amount at 31 December	—	554,211
Fair value of the 2017 Senior Notes*	—	536,833

* The fair value of the 2017 Senior Notes was determined based on the price quoted on the HKSE on 31 December 2016.

(b) 2018 HKD Senior Notes

On 30 January 2015, the Company issued 7.75% senior notes with an aggregate nominal value of HK$250,000,000 (equivalent to approximately RMB197,150,000) at face value, which will mature in February 2018 (the "2018 HKD Senior Notes"). The 2018 HKD Senior Notes will only be offered outside the United States in compliance with Regulation S under the United States Securities Act of 1933, as amended. None of the 2018 HKD Senior Notes will be offered to the public in Hong Kong and none of the 2018 HKD Senior Notes will be placed to any connected persons of the Company. The net proceeds, after deducting the issuance costs, amounted to approximately RMB182,492,000.

The major terms and conditions of the 2018 HKD Senior Notes are as follows:

(i) *Redemption at the option of the Company*

Upon giving not less than 30 days' nor more than 60 days' notice to the holder, at any time, the Company may at its option redeem the notes at a redemption price equal to 100% of the principal amount plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date. The applicable premium is the greater of (1) 1.0% of the principal amount and (2) the excess of (A) the present value at such redemption date of 100% of the principal amount, plus all required remaining scheduled interest payments due on the 2018 HKD Senior Notes through the maturity date (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to 2%, over (B) the principal amount on the redemption date.

Upon giving not less than 30 days' nor more than 60 days' notice to the holder, at any time, the Company may at its option redeem up to 35% of the aggregate principal amount of the 2018 HKD Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in one or more equity offerings at a redemption price of 107.75% of the principal amount of the 2018 HKD Senior Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

(ii) *Repurchase of the 2018 HKD Senior Notes upon a Change of Control*

Not later than 30 days following a Change of Control, the Company will make an offer to purchase all outstanding 2018 HKD Senior Notes ("2018 HKD Senior Notes Change of Control Offer") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the 2018 HKD Senior Notes Change of Control Offer payment date.

As the estimated fair value of the early redemption right is insignificant at initial recognition, the embedded derivative is not separately accounted for. The effective interest rate is approximately 11.06% per annum after the adjustment for transaction costs.

The 2018 HKD Senior Notes recognised in the consolidated statement of financial position are calculated as follows:

	2017	2016
	RMB'000	*RMB'000*
Carrying amount at 1 January	**216,792**	198,492
Effective interest recognised during the year	**22,623**	21,708
Interest payable during the year	**(16,787)**	(16,581)
Exchange realignment	**(14,407)**	13,173
Carrying amount at 31 December	**208,221**	216,792
Fair value of the 2018 HKD Senior Notes *	**213,656**	226,383

* The fair value of the 2018 HKD Senior Notes has been calculated by discounting the contractual cash flows over the remaining contractual term of the 2018 HKD Senior Notes at the risk-free interest rate plus credit spread and liquidity spread.

(c) 2018 USD Senior Notes

On 11 October 2017, the Company issued 6.75% senior notes with an aggregate nominal value of US$160,000,000 (equivalent to approximately RMB1,053,070,000) at face value, which will mature in October 2018 (the "2018 USD Senior Notes"). The 2018 Senior Notes will only be offered outside the United States in compliance with Regulation S under the United States Securities Act of 1933, as amended ("Regulation S"). The 2018 USD Senior Notes initially were sold to a small number of financial institutions, none of which was offered to the public in Hong Kong or to any connected persons of the Company, and they have been listed on the HKSE (stock code:5292). The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,039,118,000.

The major terms and conditions of the 2018 USD Senior Notes are as follows:

Not later than 30 days following a change of control (means when Mr. Liu Hongwei ceases for any reason to be the majority shareholder of the Company or any other events lead to the significant change of the ownership structure of the Company, "Change of Control"), the Company will make an offer to purchase all outstanding 2018 USD Senior Notes ("2018 USD Senior Notes Change of Control Offer") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the 2018 USD Senior Notes Change of Control Offer payment date.

The effective interest rate is approximately 8.32% per annum after the adjustment for transaction costs.

The 2018 USD Senior Notes recognised in the consolidated statement of financial position are calculated as follows:

	RMB'000
Nominal value of 2018 USD Senior Notes	1,053,070
Issuance costs	(13,952)
Fair value at date of issuance	1,039,118
Effective interest recognised for the year	17,657
Interest payable during the year	(14,702)
Exchange realignment	(11,266)
Carrying amount at 31 December 2017	1,030,807
Fair value of the 2018 USD Senior Notes*	1,041,029

* The fair value of the 2018 USD Senior Notes are determined based on the price quoted on the HKSE on 31 December 2017.

(d) 2019 Senior Notes

On 15 February 2017, the Company issued 7.95% senior notes with an aggregate nominal value of US$260,000,000 (equivalent to approximately RMB1,785,350,000) at face value, which will mature in February 2019 (the "2019 Senior Notes"). The 2019 Senior Notes will only be offered outside the United States in compliance with Regulation S under the United States Securities Act of 1933, as amended ("Regulation S"). The 2019 Senior Notes initially were sold to a small number of financial institutions, none of which was offered to the public in Hong Kong or to any connected persons of the Company, and they have been listed on the HKSE (stock code: 5372). The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,749,691,000.

The major terms and conditions of the 2019 Senior Notes are as follows:

Not later than 30 days following a change of control (means when Mr. Liu Hongwei ceases for any reason to be the majority shareholder of the Company or any other events lead to the significant change of the ownership structure of the Company, "Change of Control"), the Company will make an offer to purchase all outstanding 2019 Senior Notes ("2019 Senior Notes Change of Control Offer") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the 2019 Senior Notes Change of Control Offer payment date.

The effective interest rate is approximately 9.27% per annum after the adjustment for transaction costs.

The 2019 Senior Notes recognised in the consolidated statement of financial position are calculated as follows:

	RMB'000
Nominal value of 2019 Senior Notes	1,785,350
Issuance costs	(35,659)
Fair value at date of issuance	1,749,691
Effective interest recognised for the year	136,236
Interest payable during the year	(119,305)
Exchange realignment	(89,124)
Carrying amount at 31 December 2017	1,677,498
Fair value of the 2019 Senior Notes *	1,693,608

* The fair values of the 2019 Senior Notes are determined based on the price quoted on the HKSE on 31 December 2017.

14. SHARE CAPITAL

	2017	2016
	US$'000	*US$'000*
Shares		
Authorised		
1,200,000,000 ordinary shares of US$0.01 each	**12,000**	12,000
Issued and fully paid:		
834,073,195 (2016: 834,073,195) ordinary share of US$0.01 each	**8,341**	8,341
Equivalent to RMB'000	**55,785**	55,785

15. DISPOSAL OF A SUBSIDIARY

	2017
	RMB'000
Net assets disposed of:	
Property, plant and equipment	**107,201**
Cash and bank balances	**343**
Prepayments, deposits and other receivables	**8,689**
Payment in advance	**3,880**
Trade payables	**(14,355)**
Prepaid land lease payment	**5,773**
Other payables and accruals	**(127,538)**
	(16,007)
Gain on disposal of a subsidiary	**16,007**
	—

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	RMB'000
Cash and bank balances disposed of	**(343)**
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	**(343)**

16. DEEMED PARTIAL DISPOSAL OF INTEREST IN A SUBSIDIARY

In July 2017, the Group spun off China Singyes New Materials Holdings Limited ("Singyes New Materials") and its subsidiaries through a separate listing on the GEM of the Hong Kong Stock Exchange Limited (the "Spin-Off"). The Spin-Off involved the offering of 120,000,000 shares of US$0.01 each by Singyes New Materials at an offer price of HK$1 per share (the "Singyes New Materials Offering"), which raised total cash proceeds of HK$120,000,000 (equivalent to approximately RMB103,580,000), before deducting transaction expenses.

Immediately following the completion of the Singyes New Materials Offering, the Group's equity interest in Singyes New Materials was diluted from 90.1% to 67.6% and thus the Spin-Off is considered as a deemed partial disposal of Singyes New Materials by the Group. Since the deemed partial disposal of Singyes New Materials did not result in any loss of control, such transaction was accounted for as an equity transaction and the difference between the proceeds from the Singyes New Materials Offering and the 22.5% carrying value of the Singyes New Materials and its subsidiaries amounting to RMB47,511,000 was recognised in reserve of the Group.

17. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from three to four years.

At 31 December 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2017	2016
	RMB'000	*RMB'000*
Within one year	**2,483**	2,483
In the second to fifth years, inclusive	**2,397**	4,880
	4,880	7,363

(b) As lessee

The Group leases certain of its office premises and land from certain grantees of the land use rights under operating lease arrangements. Leases for properties are negotiated for terms of one to twenty-five years. At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017	2016
	RMB'000	*RMB'000*
Within one year	**2,488**	2,532
In the second to fifth years, inclusive	**2,038**	3,279
After five years	**6,175**	4,281
	10,701	10,092

18. CAPITAL COMMITMENTS

In addition to the operating lease commitments above, the Group had the following capital commitments at the end of the reporting period:

	2017	2016
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Construction of buildings and solar photovoltaic power stations	**345,898**	205,533
Purchase of office property	**20,759**	—
Purchase of machinery	**325**	788
Purchase of patent	**14,400**	—
Capital contributions to be injected into associates	**12,000**	12,000
	393,382	218,321

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 curtain wall, green building and solar projects. Solar projects included Building Integrated Photovoltaic System ("BIPV") system, roof top solar system and ground mounted solar system (collectively "Solar EPC"); we also engaged in the manufacturing 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 and solar thermal system. In 2011, we also started a new business called Indium Tin Oxide ("ITO") business or "New Material" business. 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.

Curtain wall and green building business

A stable grow has been noted in curtain wall and green building business. Revenue (including curtain walls and green building and sale of conventional goods) grew by RMB128.8 million or 6.5%. Business inside Mainland China remains steady while business in the overseas market maintained a strong grow.

Solar EPC business

We are a one-stop solution provider in Solar EPC, the year-to-year solar EPC revenue recorded a stable growth, revenue grew by RMB362.6 million or 16.3% compared with the year 2016.

The Group has firstly entered into the Solar EPC market in China in 2007, because of the strong support by the Golden Sun Demonstration Project ("Golden Sun"), our Solar EPC business recorded a significant growth over the past few years. Looking ahead into 2018, China's solar industry is transforming from utility-scale development to distributed solar and poverty alleviation. As one of the leaders in solar EPC area, we are also shifting in these areas. Currently, we have already secured certain sizable poverty alleviation projects in provinces in the central part of

China. Apart from solar EPC, we also hold solar farm projects in Guangdone and Northwest China. Solar farms in Guangdong are able to bring stable cashflow to the Group. The grid curtailment for solar farms in Northwest China became less significant compared with previous years, in addition, most of our grid-connected solar farms in these areas have already been included in the 6th batch of government subsidy program. The long receivable problem has significantly be improved.

Development of renewable energy goods

Apart from solar EPC, we also produce different kinds of renewable energy goods. Renewable energy goods include solar photovoltaic materials and solar thermal products. Solar thermal products include air-source heat pump, solar heat collectors and solar heating system. Our long-term strategy is, through our innovative research and development team, to diversify the application of solar, and to widen the solar application in different area, like rural application and irrigation.

Self-developed solar projects

At 31 December 2017, the Group had 320 MW grid-connected power stations and 67.4 MW projects awaiting for grid-connection. In the future, the Group will consider investment opportunities in solar power stations in provinces with high electricity demand, for example Guangdong province, given that the solar farms there have not encountered any curtailment in electricity generation.

Overseas business opportunities

Overseas revenue grew by RMB143.7 million or 36.0%, it contributed approximately 9.6% of the Group's total revenue (2016: 7.6%). Apart from Hong Kong, Macau and Malaysia, the Group also expanded its business in the Oceania, Africa and United States.

BUSINESS AND FINANCIAL REVIEW

Revenue

The following table set out the breakdown of revenue:

	2017	2016
	RMB million	*RMB million*
Curtain walls and green buildings		
– Public work	**499.7**	237.3
– Commercial and industrial	**855.8**	1,173.0
– High-end residential	**320.3**	213.6
	1,675.8	1,623.9
Solar EPC		
– Public work	**603.0**	16.2
– Commercial and industrial	**1,985.2**	2,209.4
	2,588.2	2,225.6
Total construction contracts	**4,264.0**	3,849.5
Sale of goods		
– Conventional materials	**412.2**	335.3
– Renewable energy goods	**745.6**	882.3
– New materials	**115.8**	90.9
Total sale of goods	**1,273.6**	1,308.5
Sale of electricity, including tariff adjustment	**282.0**	161.6
Rendering of design and other services	**13.3**	13.2
Rendering of operation and maintenance service	**9.2**	—
	5,842.1	5,332.8
Tariff adjustment	**(166.7)**	(93.2)
Total revenue	**5,675.4**	5,239.6

Gross profit and gross profit margin

	2017		2016	
	RMB million	*%*	*RMB million*	*%*
Construction contracts				
– Curtain walls and green buildings	**234.3**	**14.0**	260.6	16.0
– Solar EPC	**649.5**	**25.1**	579.2	26.0
	883.8	**20.7**	839.8	21.8
Sale of goods				
– Conventional materials	**98.9**	**24.0**	55.9	16.7
– Renewable energy goods	**87.4**	**11.7**	196.8	22.3
– New materials	**45.1**	**38.9**	35.6	39.2
	231.4	**18.2**	288.3	22.0
Sale of electricity, including tariff adjustment	**182.1**	**64.6**	92.6	57.3
Rendering of design and other services	**3.0**	**22.6**	7.2	54.5
Rendering of operation and maintenance service	**5.2**	**56.5**	—	—
Total gross profit and gross profit margin including tariff adjustment	**1,305.5**	**22.3**	1,227.9	23.0

The Group's revenue (including electricity tariff adjustment) increased by RMB509.3 million or 9.6%, from RMB5,332.8 million in the year 2016 to RMB5,842.1 million in the year 2017. Gross profit (including electricity tariff adjustment) increased by RMB77.6 million or 6.3%, from RMB1,227.9 million in the year 2016 to RMB1,305.5 million in the year 2017.

1) Curtain wall and green building

Revenue from curtain wall and green building business reached RMB1,675.8 million, representing an increase of RMB51.9 million or 3.2% compared with the year 2016.

The increase in revenue was because of the recovery of construction industry domestically inside Mainland China.

2) Solar EPC

Revenue from solar EPC amounted to RMB2,588.2 million, representing a strong growth of RMB362.6 million or 16.3% from RMB2,225.6 million reported in the year 2016, while gross margin for the sector remained strong at 25.1% (2016: 26.0%).

3) Sale of goods

(i) Sale of conventional materials accounted to RMB412.2 million, up RMB76.9 million or 22.9% driven by the strong growth in the overseas market.

(ii) Sale of renewable energy goods recorded a decrease of RMB136.7 million from RMB882.3 million in the year 2016 because the Group has spent relatively more resources in solar EPC projects and solar farm operations.

(iii) New Material business represented sale of Indium Tin Oxide ("ITO") film and its products. ITO film can be processed into touch-screen ITO film and switchable ITO film, while the switchable ITO film can further be processed into smart light-adjusting glass and smart light-adjusting projection system. ITO film and smart light-adjusting products are relatively new to the consumers in China and therefore, the market penetration is currently quite low. Riding on the increasing sales volume generated by our Group's successful marketing strategies, revenue surged by RMB24.9 million or 27.4% and gross margin remained high at 38.9% (2016: 39.2%).

(iv) The following table sets out the Group's self-invested solar power stations as at 31 December 2017.

Location	On-grid	Pending grid connection	In-progress	Total
	MW	*MW*	*MW*	*MW*
Guangdong province	170.5	13.9	75.6	260.0
Northwest China	113.0	53.5	—	166.5
Golden Sun/Distributed Power	34.5	—	—	34.5
Overseas	2.0	—	—	2.0
	320.0	67.4	75.6	463.0

The Group's accumulated on-grid capacity increased from 270.7 megawatts ("MW") at 31 December 2016 to 320.0 MW at 31 December 2017, which comprised of 34.5 MW Golden Sun or distributed power stations, and 283.5 MW ground-mounted solar farms inside Mainland China and a 2 MW solar farm overseas. The sale of electricity, including tariff adjustment, therefore, increased by 74.5% to RMB282.0 million in the year 2017, from RMB161.6 million in the year 2016.

Revenue and gross profit contribution from different business sectors:

Revenue split (including tariff adjustment)

	2017		2016	
	RMB million	***%***	*RMB million*	*%*
Conventional business[1]	**2,101.3**	**36.0**	1,972.4	37.0
Renewable energy business[2]	**3,625.0**	**62.1**	3,269.5	61.3
New material business	**115.8**	**1.9**	90.9	1.7
	5,842.1	**100.0**	5,332.8	100.0

Gross profit split (including tariff adjustment)

	2017		2016	
	RMB million	***%***	*RMB million*	*%*
Conventional business[1]	**336.2**	**25.8**	323.7	26.4
Renewable energy business[2]	**924.2**	**70.8**	868.6	70.7
New material business	**45.1**	**3.4**	35.6	2.9
	1,305.5	**100.0**	1,227.9	100.0

1. Included curtain wall and green building construction contracts, sale of conventional materials and rendering of design and other services.

2. Included solar EPC construction contracts, sale of renewable energy goods, rendering of operation and maintenance service and sale of electricity and tariff adjustment.

Other income and gains

Other income and gains mainly represented deferred income released, interest income on retention money, gain on disposal of property, plant and equipment and government grants. The amount dropped by 26.4% to RMB178.9 million in the year 2017 mainly because of the drop in the gain on disposal of solar farms during the year.

Selling and distribution expenses

Selling and distribution expenses increased by RMB26.2 million or 20.3%. The increment was mainly caused by the increase in freight costs and rental expenses, and other business related expenses.

Administrative expenses

Administrative expenses slightly increased by RMB7.1 million or 2.0%.

Other expenses

Other expenses mainly represented the bank charges and fair value loss and the loss on settlement of derivative financial instruments. The increase in other expense was because the increase in fair value loss and also the increase in loss on settlement of derivative financial instruments.

Finance costs

The Group's finance costs increased by RMB253.3 million or 68.8% mainly because of the increase in interests on bank and other loans and the interest in senior notes. It also included approximately RMB137.9 million of loss on redemption and RMB22.5 million of loss on repurchase of convertible bonds.

Income tax expense

Income tax expense during the year included RMB136.7 million of taxation charge and RMB16.8 million of deferred tax credit. For the year 2016, it included RMB112.6 million of taxation charge and RMB1.8 million of deferred tax charge.

The taxation charges mainly represented the income tax provision for subsidiaries inside Mainland China. No deferred tax charges on dividend withholding tax based on 5% of the net profits in the operating subsidiaries located inside Mainland China were provided for both years.

Healthy current ratio

The current ratio being current assets over current liabilities, was 1.73 as at 31 December 2017 (2016: 1.67).

Trade receivables/trade and bills payables turnover days

Turnover days	**At 31 December 2017 Days**	At 31 December 2016 Days
Trade receivables	**206**	181
Trade and bills payables	**106**	99

Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables, net of impairment, for the year divided by the revenue during the year and multiplied by the number of days during the year. Trade receivables turnover days at 31 December 2017 was 206 days. Trade and bills payables turnover days is calculated based on the average of the beginning and ending balance of trade and bills payables for the year divided by the cost of sales during the year. Trade and bills payables turnover days at 31 December 2017 was 106 days.

Liquidity and financial resources

The Group's primary source of funding included receivables from construction contracts and material sale, as well as income from electricity sale. In order to meet the expanding plan, the Group has completed certain fund raising activities during the year.

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, represented by consolidated net borrowings (total of bank and other loans, bank advances for discounted bills, convertible bonds and senior notes minus cash and cash equivalents and pledged deposits) to total equity at 31 December 2017 was 90.0% (2016: 83.0%).

With the 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 amounted to RMB359.6 million for the year (2016: RMB1,155.6 million) and were mainly for the construction of self-invested solar farm, factory premises and plant and machinery.

Borrowings and bank facilities

The outstanding borrowings comprised bank and other loans of RMB2,704.1 million with effective interest rates ranging from Hong Kong Inter Bank Offered Rate ("HIBOR") + 0.95% to HIBOR + 4% for property mortgage loan and revolving loans in Hong Kong and London Inter Bank Offered Rate ("LIBOR") + 1.5% to LIBOR + 3.75% for syndicated loan and term loans in Hong Kong. Interest rates for domestic loans inside Mainland China were ranging from 2.60%-9.07%.

Foreign currency risk

The Group's principal businesses are located in Mainland China and most of the transactions are conducted in RMB. Most of the Group's assets are denominated in RMB. On the other hand, part of the loans of the Group are raised in Hong Kong and they were denominated in USD or HKD. As at 31 December 2017, foreign currency debts mainly included USD 420 million senior notes, USD33 million of syndication loans, HKD250 million of senior notes and HKD300 million of bank and other loans.

Any material fluctuation between HK$, USD and RMB may bring significant impact to the Group's financial position. As a results, the Group had entered into certain cross currency swap and interest rate swap contracts with banks to hedge against the risk of increase in interest rate as well as the risk on currency fluctuation.

Credit risk

The carrying amounts of cash and cash equivalents, pledged deposits, trade and other receivables, and other financial assets represent the Group's maximum exposure to credit risk in relation to financial assets. Substantially all of the Group's cash and cash equivalents are held in major financial institutions located in Mainland China, which management believes are of high credit quality.

The Group trades only with recognised and creditworthy third parties and its associates. It is the Group's 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 the Group's exposure to bad debts is not significant.

As at the end of the report period, the Group had certain concentration of credit risk as 7.5% and 19.5% (2016: 8.3% and 26.4%) of the Group's trade receivables were due from the Group's largest customer and five largest customers, respectively. All of these customers have good credit quality by taking into account of their credit history, a long-term business relationship has been established by both parties. The Group has delegated a team which is responsible for determination of credit limits and monitoring procedures to ensure that follow-up actions will be implemented to recover overdue debts.

Liquidity risk

The Group monitors its 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.

The liquidity of the Group is primarily dependent on its ability to maintain a balance between continuity of funding and flexibility through the settlement from customers and the payment to vendors.

Dividend

The Directors of the Company proposed a final dividend of HK$0.03 per share (2016: HK$0.07 per share). The actual dividend payout ratio in each year will depend on the actual performance of the Group, the general industry and economic environment.

Closure of register of members

The register of members will be closed from Wednesday, 23 May 2018 to Monday, 28 May 2018, both days inclusive. In order to entitle to the attendance of the forthcoming annual general meeting of the Company, all share transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, namely Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 21 May 2018.

The Company's register of members will be closed from Friday, 1 June 2018 to Monday, 4 June 2018 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to qualify for the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22 Hopewell Centre 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 31 May 2018.

Cheques for final dividend (subject to approval in the annual general meeting mentioned above) will be dispatched to the shareholders of the Company on or before Friday, 27 July 2018.

HUMAN RESOURCES

As at 31 December 2017, the Group had about 2,500 employees. Employee salary and other benefit expenses maintained at similar level at RMB281.6 million in the year 2017 compared with RMB268.1 million in the year 2016. 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 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 Company and its subsidiaries (the "Group") so as to achieve effective accountability. The Directors consider that for the year ended 31 December 2017, the Company has applied the principles and complied with the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except for the deviation from provision A.2 of the Code as described below.

Mr. Liu Hongwei, the chairman of the Group, is responsible for the leading 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 the chief executive officer of the Group and is responsible for running business and implementing strategies of the Group. The Company is aware of the requirement under provision 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 although Mr. Liu Hongwei preforms the roles of chairman and chief executive officer, this does not impair the balance of power and authority between the Board and the management of the Company as the Board does 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, it is beneficial to the business prospects of the Group.

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 had complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions for the year ended 31 December 2017.

Audit Committee

The Company has established an audit committee in compliance with Rules 3.21 to 3.23 of the Listing Rules and paragraph C.3 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, Mr. Yick Wing Fat, Simon is the chairman of the audit committee. The Audit Committee has reviewed the Group's consolidated financial results for the year ended 31 December 2017.

Purchase, sales 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 year ended 31 December 2017.

Publication of Results Announcement

This annual 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 2017 annual 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, 28 March 2018

As at the date of this announcement, the executive Directors are Mr. Liu Hongwei (Chairman), Mr. Xie Wen and Mr. Xiong Shi, the non-executive Directors are Mr. Cao Zhirong and Dr. Li Hong, and the independent non-executive Directors are Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Zhong Jishou.