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 2018

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 2018.

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Revenue	**4,416,563**	5,675,386
Adjusted EBITDA*	**97,922**	1,001,206
Profit/(loss) before tax	**(562,959)**	270,378
Income tax expense	**109,268**	119,972
Profit/(loss) attributable to owners of the Company	**(678,801)**	143,797
Gross profit margin (including tariff adjustment)	**17.1%**	22.3%
Adjusted EBITDA margin	**2.2%**	17.6%
Earnings/(loss) per share attributable to ordinary equity holders		
– Basic	**RMB(0.814)**	RMB0.172
– Diluted	**RMB(0.814)**	RMB0.172
Final dividend per share proposed	**Nil**	HK$0.03

* Earnings before interest, tax, depreciation and amortisation, fair value gains on conversion rights of convertible bonds, and gain on disposal of property, plant and equipment

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**4,416,563**	5,675,386
Cost of sales		**(3,795,662)**	(4,536,529)
Gross profit		**620,901**	1,138,857
Tariff adjustment	*3*	**164,021**	166,682
Other income and gains		**58,574**	178,887
Selling and distribution expenses		**(101,774)**	(155,265)
Administrative expenses		**(358,076)**	(358,039)
Impairment loss on financial and contract assets		**(325,561)**	(5,151)
Other expenses		**(149,673)**	(76,428)
Finance costs		**(477,243)**	(621,333)
Share of profits/(losses) of associates		**5,872**	(13,059)
Fair value gains on conversion rights of convertible bonds		**—**	15,227
Profit/(loss) before tax	*4*	**(562,959)**	270,378
Income tax expense	*5*	**(109,268)**	(119,972)
Profit/(loss) for the year		**(672,227)**	150,406
Other comprehensive income/(loss):			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent years:			
Available-for-sale investments:			
Changes in fair value		**—**	2,882
Other comprehensive income/(loss) that will not to be reclassified to profit or loss in subsequent years:			
Change in fair value of equity instruments at fair value through other comprehensive income		**(7,915)**	—
Exchange differences on translation of financial statements		**(112,339)**	110,479
Other comprehensive income/(loss) for the year		**(120,254)**	113,361
Total comprehensive income/(loss) for the year		**(792,481)**	263,767

	Note	Year ended 31 December **2018** ***RMB'000***	 2017 *RMB'000*
Profit/(loss) attributable to:			
Owners of the Company		**(678,801)**	143,797
Non-controlling interests		**6,574**	6,609
		(672,227)	150,406
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**(800,117)**	257,902
Non-controlling interests		**7,636**	5,865
		(792,481)	263,767
Earnings/(loss) per share attributable to ordinary equity holders of the Company			
– Basic	*7*	**RMB(0.814)**	RMB0.172
– Diluted	*7*	**RMB(0.814)**	RMB0.172

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**4,475,179**	4,283,977
Investment properties		**74,344**	75,183
Prepaid land lease payments		**211,413**	198,964
Intangible assets		**2,058**	2,815
Payments in advance		**13,513**	18,645
Investments in associates	*8*	**4,429**	(1,443)
Investment in a joint venture		**6,370**	—
Deferred tax assets		**1,557**	49,051
Available-for-sale investments		**—**	57,569
Equity investments designated at fair value through other comprehensive income		**5,657**	—
Financial assets at fair value through profit or loss		**24,265**	—
Goodwill		**6,448**	—
Pledged deposits		**—**	14,650
Total non-current assets		**4,825,233**	4,699,411
Current assets			
Inventories		**69,592**	111,803
Construction contracts		**—**	976,179
Contract assets		**2,119,517**	—
Trade and bills receivables	*9*	**3,389,476**	3,751,855
Prepayments, deposits and other receivables	*9*	**596,568**	952,651
Available-for-sale investments		**—**	208,234
Pledged deposits		**180,590**	472,372
Cash and cash equivalents		**216,151**	1,202,423
Total current assets		**6,571,894**	7,675,517

		As at 31 December	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
Current liabilities			
Trade and bills payables	*10*	**901,520**	1,294,073
Other payables and accruals	*10*	**449,257**	549,511
Contract liabilities		**105,067**	—
Bank advances for discounted bills		—	13,722
Interest-bearing bank and other loans		**2,956,804**	1,265,188
Tax payable		**20,317**	40,741
Derivative financial instruments		—	34,005
Convertible bonds	*11*	**96,000**	—
Senior notes	*12*	**2,850,012**	1,239,028
Provision		**81,289**	—
Total current liabilities		**7,460,266**	4,436,268
Net current assets/(liabilities)		**(888,372)**	3,239,249
Total assets less current liabilities		**3,936,861**	7,938,660
Non-current liabilities			
Convertible bonds	*11*	—	80,819
Senior notes	*12*	—	1,677,498
Interest-bearing bank and other loans		—	1,438,922
Deferred tax liabilities		**87,680**	86,860
Deferred income		**157,449**	164,228
Total non-current liabilities		**245,129**	3,448,327
Net assets		**3,691,732**	4,490,333
Equity attributable to owners of the Company			
Issued capital	*13*	**55,785**	55,785
Reserves		**3,535,106**	4,345,753
		3,590,891	4,401,538
Non-controlling interests		**100,841**	88,795
Total equity		**3,691,732**	4,490,333

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 ("Strong Eagle"), 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 financial assets and equity 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.

Going concern basis

As at 31 December 2018, the Group had net current liabilities of RMB888,372,000 (31 December 2017: net current assets of RMB3,239,249,000) and incurred a loss of RMB672,227,000 (2017: net profit of RMB150,406,000) for the year then ended.

As disclosed in the Company's announcements dated 18 October 2018 and 10 January 2019, the Company has defaulted on its US$160 million 6.75% senior notes due 2018 (the "2018 USD Senior Notes"), which resulted in the occurrence of events of default of RMB930 million 5% convertible bonds due 8 August 2019 (the "2019 Convertible Bonds") and US$260 million 7.95% senior notes due on 15 February 2019 (the "2019 Senior Notes") (collectively the "Debt Securities"). The aforesaid defaults (the "Default") also resulted in cross-defaults of certain of the Group's bank and other loans which became payable on demand in accordance with their terms.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the directors have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group has implemented or is in the process of implementing the following measures:

The Subscription

On 16 May 2019, the Company has entered into a subscription agreement with Water Development (HK) Holding Co., Limited (the "Subscriber", which is a subsidiary of Shuifa Energy Group Limited (水發能源集團有限公司), a state-owned enterprise). Pursuant to the subscription agreement, the Company has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, at completion, 1,687,008,585 subscription shares at the subscription price of HK$0.92 per subscription share (the "Subscription"). The Subscription is subject to certain conditions, including but not limited to:

(1) the Subscriber having obtained all necessary consents and authorisations for the execution and completion of the transactions under the subscription agreement from all the relevant government or regulatory authorities (including the governmental authorities for the supervision and management of state-owned assets, foreign exchange controls and anti-trust, the relevant department of commerce and the relevant commission for development and reform), and such consents and authorisations remain fully effective under any relevant law and regulation of any jurisdiction;

(2) the obtaining of all necessary approval(s) by the Company's shareholders at the Company's special general meeting as required by the listing rules and/or the takeovers code, the articles of associations of the Company or applicable laws to approve the transactions under the subscription agreement, including the Subscription, the Whitewash Waiver (a waiver from the Securities and Futures Commission of Hong Kong, the "SFC", pursuant to Note 1 on Dispensations from Rule 26 of the takeovers code in respect of the obligations of the Subscriber to make a mandatory general offer for all of the Company's shares not already owned or agreed to be acquired by the Subscriber or parties acting in concert with it which would, if the Subscription proceeds, otherwise arise as a result of the allotment and issuance of the subscription shares to the Subscriber) and the authorisation of share capital increase;

(3) the SFC granting the Whitewash Waiver to the Subscriber and parties acting in concert with it (unconditionally or on such terms as the Subscriber may reasonably agree);

(4) the SFC having issued a written confirmation to the Subscriber and parties acting in concert with it (unconditionally or on such terms as the Subscriber may reasonably agree) that the Subscriber shall not be required to extend a general offer in respect of all the shares of Singyes New Materials; and

(5) the Subscriber having, in its absolute discretion, approved and agreed with the plan of onshore and offshore debt restructuring and resolution of disputes between the Group and its creditors, and such onshore and offshore debt restructuring having been completed or becoming effective on or before the completion of the Subscription.

Particulars of the Subscription were set out in the Company's announcement dated 5 June 2019.

The net proceeds, after taking into account the estimated expenses in relation to the Subscription, would be approximately HK$1,529,048,000 (equivalent to approximately RMB1,339,751,000), which is intended to be used for (i) restructuring of existing debts of the Group; (ii) paying fees and expenses related to the overall restructuring exercise; and (iii) providing general working capital and normalised funding levels for the Group's ongoing operations, enabling the completion of existing projects and prudent growth of the Group.

Extension of due dates of bank and other loans

The Group currently is also negotiating with banks and lenders to seek for extension of due dates of bank and other loans. Subsequent to the balance sheet date, the Group has entered into extension agreements with eight banks. Pursuant to the extension agreements, the due date of bank loans aggregating to RMB826,719,000 (the "extended loans") and RMB718,387,000 as at 31 December 2018, have been conditionally extended to 17 April 2020 and 21 May 2021, respectively. The extension is subject to certain conditions, including but not limited to that the Subscriber should become guarantor of the extended loans within 30 days from the completion of the Subscription.

Letter of intent for new banking facilities

Upon the approval date of the consolidated financial statements, the Group has obtained letters of intent for new banking facilities aggregating to RMB1.5 billion from two banks in Mainland China.

Restructuring of the Debt Securities

As disclosed in the Company's announcement dated 18 October 2018, immediately subsequent to the default of the Debt Securities, the Company has appointed external advisers to assist the Company in debt restructuring (the "Debt Restructuring") negotiations with bondholders and obtaining support from them. As at 9 August 2019, approximately 98.39% of the bondholders entered into restructuring support agreements (the "RSAs"), pursuant to which they have undertaken to work in good faith with the Company to implement the Debt Restructuring as soon as possible. The Company is going to file applications with the Bermuda Court and the High Court of Hong Kong (the "Hong Kong Court") in relation to seeking orders (the "Convening Orders") to convene meetings of the bondholders for the purpose of approving the schemes of arrangement in Bermuda and in Hong Kong (the "Bermuda Scheme" and "Hong Kong Scheme", respectively).

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2018. Although there is a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, the directors, after taking into account the above-mentioned plans and measures, are of the opinion that, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2018. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

The Audit Committee of the board of Directors (the "Board") has confirmed that it has objectively and critically reviewed the measures mentioned above. The Audit Committee of the Board and the Board have confidence in the Group's management and concurred with management's view that the Group's business plan for the next twelve months is feasible and achievable.

The Group has actively implemented, or is actively implementing, all the improvement targets outlined above for the purposes of increasing profits and improving the cash flow position of the Group, in order to remove material uncertainties relating to the going concern of the Group for the next twelve months.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*
Amendments to IAS 40	*Transfers of Investment Property*
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to IFRS 1 and IAS 28

Other than as explained below regarding the impact of IFRS 9, IFRS 15 and the amendments to IFRS 15, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

Further information about IFRS 9 and IFRS 15 applied by the Group is described below:

(a) IFRS 9 *Financial Instruments replaces* IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 39.

Classification and measurement

The following information sets out the impacts of adopting IFRS 9 on the consolidated statement of financial position, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as at 1 January 2018 is as follows:

		IAS 39 measurement		Re-classification	IFRS 9 measurement	
		Category	Amount		Amount	Category
	Notes		*RMB'000*	*RMB'000*	*RMB'000*	
Financial assets						
Trade receivables	*(i)*	L&R[1]	2,891,205	—	2,891,205	AC[2]
Bills receivable	*(ii)*	L&R[1]	420,902	—	420,902	FVOCI[5] (debt)
Financial assets included in prepayments, deposits and other receivables		L&R	709,620	—	709,620	AC
Available-for-sale investments	*(iii), (iv)*	AFS[3]	265,803	(265,803)	—	N/A
To: Financial assets at fair value through profit or loss	*(iii)*		—	(235,737)	—	
To: Equity investments designated at fair value through other comprehensive income	*(iv)*		—	(30,066)	—	
Financial assets at fair value through profit or loss	*(iii)*	N/A	—	235,737	235,737	FVPL[4]
From: Available-for-sale investments	*(iii)*		—	235,737	—	
Equity investments designated at fair value through other comprehensive income	*(iv)*	N/A	—	30,066	30,066	FVOCI[5] (equity)
From: Available-for-sale investments	*(iv)*		—	30,066	—	
Pledged deposits		L&R	487,022	—	487,022	AC
Cash and cash equivalents		L&R	1,202,423	—	1,202,423	AC
			5,976,975	—	5,976,975	
Other assets						
Contract assets	*(i)*		1,428,900	—	1,428,900	
Deferred tax assets	*(i)*		47,105	—	47,105	
Total assets			12,385,955	—	12,385,955	

[1] L&R: Loans and receivables

[2] AC: Financial assets or financial liabilities at amortised cost

[3] AFS: Available-for-sale investments

[4] FVPL: Financial assets at fair value through profit or loss

[5] FVOCI: Financial assets at fair value through other comprehensive income

Notes:

(i) The gross carrying amounts of the trade receivables, contract assets and deferred tax assets under IAS 39 represent the amounts after adjustments for the adoption of IFRS 15 but before the measurement of ECLs. Further details of the adjustments for the adoption of IFRS 15 are included in note 2.2(b).

(ii) As part of the Group's cash flow management, the Group has the practice of endorsing and discounting substantial part of the bills received from its customers before the bills are due for payment. Accordingly, the Group's bills receivable were considered as within the business model to hold to collect contractual cash flows and to sell and reclassified to receivables at fair value through other comprehensive income.

(iii) The Group has elected the option to irrevocably designate certain of its previous available-for-sale debt investments as financial assets at fair value through profit or loss.

(iv) The Group has elected the option to irrevocably designate certain of its previous available-for-sale equity investments as equity investments designated at fair value through other comprehensive income.

There are no changes in classification and measurement for the Group's financial liabilities.

Impairment

The adoption of the ECL model under IFRS 9 resulted in no material financial impact in opening impairment allowances of the Group's debt instruments recorded at amortised cost or at fair value through other comprehensive income. Further details are disclosed in the notes to financial statement on the annual report.

Impact on reserves and retained profits

The impact of transition to IFRS 9 on reserves and retained profits is as follows:

Fair value reserve under IFRS 9
(available-for-sale investment revaluation reserve under IAS 39)

Available-for-sale investment revaluation reserve	*RMB'000*
Balance as at 31 December 2017 under IAS 39	(2,405)
Reclassification of available-for-sale investments to financial assets at fair value through profit or loss	2,405
Balance as at 1 January 2018 under IFRS 9	—

Retained profits	*RMB'000*
Balance as at 31 December 2017 under IAS 39	3,035,812
Reclassification of available-for-sale investments to financial assets at fair value through profit or loss	(2,405)
Balance as at 1 January 2018 under IFRS 9	3,033,407

Upon adoption of IFRS 9, available-for-sale investment revaluation reserve under IAS 39 related to life insurance contracts and asset management plans, which amounted to RMB3,701,000 of loss and RMB1,296,000 of gain respectively. These amounts were reclassified to retained profits as at 1 January 2018.

(b) IFRS 15 and its amendments replace IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a new five step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The Group has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

The cumulative effect of the initial application of IFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related interpretations.

Set out below are the amounts by which each financial statement line item was affected as at 1 January 2018 as a result of the adoption of IFRS 15:

	Notes	Increase/(decrease) RMB'000
Assets	*(i)*	
Construction contracts		(976,179)
Trade receivables		(439,748)
Deferred tax assets		(1,946)
Contract assets		1,428,900
Total assets		11,027
Liabilities	*(ii)*	
Other payables and accruals		117,066
Contract liabilities		(117,066)
Total liabilities		—
Equity		
Retained profits	*(i)*	(11,027)

Set out below are the amounts by which each financial statement line item was affected as at 31 December 2018 and for the year ended 31 December 2018 as a result of the adoption of IFRS 15. The adoption of IFRS 15 has had no impact on other comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under IFRS 15 and the second column shows what the amounts would have been had IFRS 15 not been adopted:

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018:

		Amount prepared under		
		IFRS 15	**Previous IFRS**	**Increase/ (decrease)**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	*(i)*	4,416,563	4,411,138	5,425
Gross profit		620,901	615,476	5,425
Other income and gains	*(i)*	58,574	62,719	(4,145)
Income tax	*(i)*	—	192	(192)
Loss before tax		(562,959)	(564,047)	1,088
Loss for the year		(672,227)	(673,315)	1,088
Loss per share attributable to ordinary equity holders of the company				
Basic		(0.814)	(0.815)	0.001
Diluted		(0.814)	(0.815)	0.001

Consolidated statement of financial position as at 31 December 2018:

		Amounts prepared under		
		IFRS 15	**Previous IFRS**	**Increase/ (decrease)**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	*(i)*	3,389,476	3,777,165	(387,689)
Construction contracts	*(i)*	—	1,717,575	(1,717,575)
Deferred tax asset	*(i)*	1,557	3,695	(2,138)
Contract assets	*(i)*	2,119,517	—	2,119,517
Total assets		11,397,127	11,385,012	12,115
Other payables and accruals	*(ii)*	449,155	554,222	(105,067)
Contract labilities	*(ii)*	105,067	—	105,067
Total liabilities		7,705,395	7,705,395	—
Net assets		3,691,732	3,679,617	12,115
Retained profits	*(ii)*	2,348,657	2,360,772	(12,115)

The nature of the adjustments as at 1 January 2018 and the reasons for the significant changes in the consolidated statement of financial position as at 31 December 2018 and the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018 are described below:

(i) The Group provides construction services of conventional curtain walls and integrated solar photovoltaic systems. Before the adoption of IFRS 15, contract costs were recognised as an asset provided it was probable that they would be recovered. Such costs represented an amount due from the customers and were recorded as construction contracts in the consolidated statement of financial position before the construction services were billed to customers. Upon the adoption of IFRS 15, a contract asset is recognised when the Group performs by transferring goods or services to customers and the Group's right to consideration is conditional. Accordingly, the Group reclassified RMB976,179,000 from "construction contracts" to "contract assets" as at 1 January 2018.

Before the adoption of IFRS 15, retention receivables arising from construction contracts, that were conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts, were included in trade receivables and discounted for time effect. Upon the adoption of IFRS 15, retention receivables are reclassified to contract assets, no time effect is recognised in assurance-type warranty as no significant financing component contained in contracts. Accordingly, as at 1 January 2018, the Group reclassified RMB439,748,000 from "trade and bills receivables" to "contract assets" and increased "contract assets" by RMB12,973,000 from "retained profits", which was the effect of time value of the service quality retention as at 31 December 2017. The "deferred tax assets" were decreased by RMB1,946,000 due to reversal of discount in retention receivables.

As at 31 December 2018, the adoption of IFRS 15 resulted in an increase in "contract assets" of RMB1,428,900,000 and decreases in "trade and bills receivables", "construction contracts" and "deferred tax assets" of RMB439,748,000, RMB976,179,000 and RMB2,138,000, respectively, which resulted in a decrease in "retained profits" of RMB11,027,000. "Revenue", "other income and gains" and "income tax expense" for the year ended 31 December 2018 were also decreased by RMB5,425,000, RMB4,145,000 and RMB192,000, respectively.

(ii) Before the adoption of IFRS 15, the Group recognised revenue-related contract liabilities for the unsatisfied performance obligation which were previously recognised as “advances from customers” under “other payables and accruals (current)”. Accordingly, upon adoption of IFRS 15, “contract liabilities” were increased by RMB117,066,000 and “other payables and accruals (current)” were decreased by RMB117,066,000, respectively, as at 1 January 2018.

As at 31 December 2018, under IFRS 15, RMB105,067,000 was reclassified to “contract liabilities” from “other payables and accruals” in relation to the consideration received from customers in advance for the sale of goods and the provision of construction services.

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 are 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.

(a) Revenue from contracts with customers

(i) Disaggregated revenue information

	2018		2017	
	RMB'000	*%*	*RMB'000*	*%*
Revenue from contracts with customers				
Construction contracts	**3,604,165**	**81.6**	4,263,938	75.1
Sale of goods	**665,678**	**15.1**	1,273,592	22.4
Rendering of design and consultation services	**13,983**	**0.3**	13,268	0.2
Rendering of operation and maintenance service	**13,119**	**0.3**	9,202	0.2
Sale of electricity	**119,618**	**2.7**	115,386	2.1
Revenue	**4,416,563**	**100.0**	5,675,386	100.0
Tariff adjustment*	**164,021**		166,682	

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

Geographical markets

	2018		2017	
	RMB'000	*%*	*RMB'000*	*%*
Domestic – Mainland China *	**4,210,093**	**95.3**	5,132,397	90.4
Oceania	**162,338**	**3.7**	178,844	3.2
Macau	**17,462**	**0.4**	20,033	0.4
Malaysia	**13,987**	**0.3**	12,205	0.2
Hong Kong	**9,380**	**0.2**	302,890	5.3
Africa	**—**	**—**	21,987	0.4
Others	**3,303**	**0.1**	7,030	0.1
	4,416,563	**100.0**	5,675,386	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.

	2018
	RMB'000
Timing of revenue recognition	
Goods transferred at a point in time	**785,296**
Services transferred over time	**3,631,267**
Total revenue from contracts with customers	**4,416,563**

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2018
	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Construction contracts	**57,240**
Sale of goods	**47,975**
	105,215

(ii) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 90 to 180 days from delivery, except for small and new customers, where payment is 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 performance obligation is satisfied at the point in time upon transmission of electricity to purchasing companies or grid companies. The payment is generally due within 30 days from delivery.

Rendering of services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion.

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 180 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

As at 31 December 2018, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts was approximately RMB1,284,231,000. This amount represents revenue expected to be recognised in the future from construction services and sale of goods entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the construction work and sale of goods are completed, which is expected to occur within 2 years.

(b) Non-current assets

	2018		2017	
	RMB'000	***%***	*RMB'000*	*%*
Mainland China	**4,744,979**	**99.2**	4,573,938	99.6
Hong Kong	**18,567**	**0.4**	20,118	0.4
Oceania	**15,840**	**0.3**	—	—
Others	**3,569**	**0.1**	178	0.0
	4,782,955	**100.0**	4,594,234	100.0

The non-current asset information above is based on the locations of the assets and excludes investments in associates, investment in a joint venture, deferred tax assets, financial assets at fair value through profit or loss/available-for-sale debt investments and equity investments designated at fair value through other comprehensive income/available-for-sale equity investments.

Information about major customers

Revenue derived from sales to a single customer including sales to a group of entities which are known to be under common control of that customer, which amounted to 10% or more of the total revenue, is set out below:

	2018	2017
	RMB'000	*RMB'000*
Customer A	*	684,061
Customer B	**1,331,272**	*

* Less than 10%

4. PROFIT BEFORE TAX

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

	2018	2017
	RMB'000	*RMB'000*
Cost of construction contracts and design services	**3,127,337**	3,390,423
Cost of inventories sold	**544,800**	1,042,159
Cost of electricity sold	**117,270**	99,920
Cost of operation and maintenance services	**6,255**	4,027
Depreciation of property, plant and equipment	**184,248**	177,677
Depreciation of investment properties	**1,589**	1,494
Amortisation of prepaid land lease payments	**8,744**	3,896
Amortisation of intangible assets	**984**	964
Total depreciation and amortisation	**195,565**	184,031
Employees benefit expense (including directors' and chief executive's remuneration)	**222,194**	281,579
Minimum lease payments under operating leases	**7,632**	12,786
Research costs	**21,765**	15,271
Auditors' remuneration	**9,550**	10,410
Transaction costs related to listing shares of a subsidiary	**—**	5,523
Impairment of financial and contract assets, net:		
Impairment of trade receivables	**185,998**	5,151
Impairment of contract assets	**124,411**	—
Impairment of financial assets included in prepayments, other receivables and other assets	**15,152**	—
	325,561	5,151
Losses/(gains) on settlement of derivative financial instruments	**(4,916)**	12,036
Fair value losses/(gains) on derivative financial instruments	**—**	56,966
Interest income from available for-sale debt instruments	**—**	(3,471)
Interest income from financial assets at fair value through profit or loss	**(2,602)**	—
Gain on financial assets at fair value through profit or loss	**(776)**	—
Gain on disposal of items of property, plant and equipment	**(11,927)**	(59,309)
Losses/(gains) on disposal of subsidiaries *(note 14)*	**15,367**	(16,007)
Operating lease rental income	**(2,491)**	(2,558)
Exchange losses/(gains), net	**40,871**	(24,110)

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, Hong Kong, Malaysia, Singapore and Nigeria profits tax has been made as the Group had no assessable profits derived from or earned in Macau, Hong Kong, 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.

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

	2018	2017
	RMB'000	*RMB'000*
Current – Charge for the year		
– Mainland China	**63,750**	135,617
– Hong Kong	**—**	1,118
Deferred	**45,548**	(16,763)
Total tax charge for the year	**109,268**	119,972

6. DIVIDENDS

At a meeting of the Directors held on 16 August 2019, the Directors did not recommend a final dividend for the year ended 31 December 2018 (2017 final dividend: RMB20,916,000).

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss (2017: earnings) per share amount is based on the loss (2017: profit) for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 843,073,195 (2017: 843,073,195) in issue during the year.

The calculation of the diluted earnings/loss per share amount is based on the profit/loss for the year attributable to ordinary equity holders of the Company as used in the basic earnings/loss 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/loss 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/loss per share are based on:

	2018 ***RMB'000***	2017 *RMB'000*
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company used in the basic earnings/loss per share calculation:	**(678,801)**	143,797
Interest on convertible bonds*	**—**	—
Less: fair value gains on the conversion rights of the convertible bonds*	**—**	—
Profit/(loss) 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	**(678,801)**	143,797

	Number of shares	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/loss per share calculation	**834,073,195**	834,073,195
Effect of dilution – weighted average number of ordinary shares:		
Share options*	**—**	1,167,298
Convertible bonds*	**—**	—
	834,073,195	835,240,493

* The computation of diluted loss per share for the year ended 31 December 2018 does not assume the exercises of share options and convertible bonds for the year ended 31 December 2018 since assuming such exercises would result in a decrease in loss per share.

8. INVESTMENTS IN ASSOCIATES

	2018	2017
	RMB'000	*RMB'000*
Unlisted investments, at cost	**40,820**	40,820
Share of losses of associates	**(36,391)**	(42,263)
Aggregate carrying amount of the Group's investments in the associates	**4,429**	(1,443)

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.

Further losses of RMB15,790,000 (2017: 20,721,000) 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

	2018	2017
	RMB'000	*RMB'000*
Trade and bills receivables		
Trade receivables	**3,590,244**	3,384,921
Bills receivable	**26,925**	420,902
Less: impairment	**(227,693)**	(53,968)
	3,389,476	3,751,855

The Group's trade receivables include net carrying amounts due from the Group's associates of RMB272,054,000 (2017: RMB354,398,000), 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 RMB19,588,000 (2017: RMB12,551,000) to secure bank and other loans granted to the Group.

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

Sale of goods

For the sale of goods, 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.

Construction service

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.

An ageing 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:

	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**426,591**	2,016,727
3 to 6 months	**445,343**	789,072
6 to 12 months	**1,052,722**	591,733
1 to 2 years	**1,374,077**	293,350
2 to 3 years	**90,154**	24,515
Over 3 years	**589**	36,458
	3,389,476	3,751,855

	2018	2017
	RMB'000	*RMB'000*
Prepayments, deposits and other receivables		
Prepayments to subcontractors and suppliers	**69,133**	243,031
Deposits	**58,601**	182,320
Tariff adjustment receivables*	**194,844**	137,271
Other receivables	**293,720**	394,607
	616,298	957,229
Impairment allowance	**(19,730)**	(4,578)
	596,568	952,651

The Group has pledged tariff adjustment receivables of approximately RMB182,340,000 (2017: RMB108,633,000) to secure bank loans granted to the Group.

* 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 ageing 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:

	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**414,373**	503,275
3 to 6 months	**259,914**	643,064
6 to 12 months	**137,542**	65,534
1 to 2 years	**43,808**	52,066
2 to 3 years	**22,021**	10,707
Over 3 years	**23,862**	19,427
	901,520	1,294,073

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

As at 31 December 2018, certain machineries with a net carrying amount of approximately RMB10,886,000 and frozen deposits of RMB19,993,000 were restricted by courts according to the civil ruling to secure the Group's trade payables of RMB16,956,000 to certain suppliers.

As at 31 December 2018, the Group's bills payable were secured by the pledged deposits amounting to RMB49,663,000 (2017: RMB345,774,000).

	2018	2017
	RMB'000	*RMB'000*
Other payable and accruals		
Advances from customers	—	131,857
Tax and surcharge payables	**149,323**	180,743
Accrued expenses	**30,668**	23,181
Interest payables	**116,433**	82,986
Other payables	**152,833**	130,744
	449,257	549,511

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 and 2018 respectively (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 2018, the Group has received deposits in relation to the sale of equity interests in the Target Subsidiaries aggregated to RMB38,974,000 (2017: RMB26,934,000) while the transaction has not yet been fulfilled. Subsequent to 31 December 2018, a written agreement was signed between the Company and the Purchaser to extend long stop date of the transaction to 31 December 2019.

11. CONVERTIBLE BONDS

	Notes	**2018** **RMB'000**	2017 RMB'000
Convertible bonds, liability component	*(a)*	**96,000**	80,819
Fair value of embedded derivatives	*(b)*	**—**	—
		96,000	80,819

On 8 August 2014, the Company issued 930 units 5% convertible bonds in the denomination of RMB1,000,000 each due 8 August 2019 with a nominal value of RMB930,000,000. The Company has repurchased 114 units and redeemed 720 units of these convertible bonds in previous years. As at 31 December 2018, 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 from HK$15.41 to HK$15.26 during the year due to the cash dividends paid.

As mentioned in note 2.1, the 2019 Convertible Bonds became immediately repayable and classified as current liabilities as at 31 December 2018 due to the Default. The 2019 Convertible Bonds have been suspended for trading since 15 October 2018. As at the date of approval of the financial statements, the Debt Restructuring was in progress.

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 conversion rights of the 2019 Convertible Bonds.

(a) **Liability component**

	2018	2017
	RMB'000	*RMB'000*
Liability component at 1 January	**80,819**	703,989
Effective interest recognised for the year	**13,815**	73,197
Loss on repurchase of bonds	—	22,460
Loss on redemption of bonds	—	137,920
Acceleration of unwinding interest	**6,166**	—
Interest payable during the year	**(4,800)**	(28,747)
Repurchase of bonds	—	(108,000)
Redemption of bonds	—	(720,000)
As at 31 December	**96,000**	80,819

(b) **Conversion rights**

	2018	2017
	RMB'000	*RMB'000*
Fair value of conversion rights at 1 January	—	15,227
Less: fair value changes of conversion rights	—	(15,227)
Fair value of conversion rights at 31 December	—	—

The related interest expense of the liability component of the 2019 Convertible Bonds for the year amounted to RMB19,981,000 (2017: RMB233,577,000), including accelerated amortisation of transaction cost and effective interest recognised which is calculated by using the effective interest method with an effective interest rate of 17.79% per annum.

12. SENIOR NOTES

		2018	2017
	Notes	***RMB'000***	*RMB'000*
2018 HKD Senior Notes	*(a)*	—	208,221
2018 USD Senior Notes	*(b)*	**1,065,583**	1,030,807
2019 Senior Notes	*(c)*	**1,784,429**	1,677,498
		2,850,012	2,916,526

(a) 2018 HKD Senior Notes

On 9 February 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 ("The 2018 HKD Senior Notes"). The net proceeds, after deducting the issuance costs, amounted to approximately RMB182,492,000. The effective interest rate is approximately 11.06% per annum after the adjustment for transaction costs. The 2018 HKD Senior Notes matured on 9 February 2018.

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

	2018	2017
	RMB'000	*RMB'000*
Carrying amount at 1 January	**208,221**	216,792
Effective interest recognised during the year	**2,224**	22,623
Interest payable during the year	**(1,544)**	(16,787)
Exchange realignment	**1,874**	(14,407)
Principal repaid during the year	**(210,775)**	—
Carrying amount at 31 December	**—**	208,221
Fair value of the 2018 HKD Senior Notes *	**—**	213,656

* The fair value of the 2018 HKD Senior Notes as at 31 December 2017 was 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.

(b) 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 matured in October 2018. The 2018 Senior Notes are only 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 Hong Kong Stock Exchange ("HKSE", stock code: 5292). The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,039,118,000.

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

As mentioned in note 2.1, the Company has defaulted on 2018 USD Senior Notes. As at the date of approval of the financial statements, the Debt Restructuring was in progress.

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

	2018	2017
	RMB'000	*RMB'000*
Carrying amount at 1 January/ (fair value at date of issuance)	**1,030,807**	1,039,118
Effective interest recognised for the year	**83,033**	17,657
Interest payable during the year	**(74,123)**	(14,702)
Repurchase of senior notes*	**(31,367)**	—
Exchange realignment	**57,233**	(11,266)
Carrying amount at 31 December	**1,065,583**	1,030,807
Fair value of the 2018 USD Senior Notes**	**N/A**	1,041,029

* The Company repurchased US$4,740,000 of face value of 2018 USD Senior Notes on 2 October 2018.

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

(c) 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 matured in February 2019. The 2019 Senior Notes are only 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 effective interest rate is approximately 9.27% per annum after the adjustment for transaction costs.

As mentioned in note 2.1, the 2019 Senior Notes became immediately repayable and classified as current liabilities as at 31 December 2018 due to the Default. The Group has received a demand notice from the holder with principal amount of US$20,000,000 of the 2019 Senior Notes. The 2019 Senior Notes were suspended in trading effective from 15 October 2018 and have not been paid at the date of suspension. As at the date of approval of the financial statements, the Debt Restructuring was in progress.

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

	2018	2017
	RMB'000	*RMB'000*
Carrying amount at 1 January/ (fair value at date of issuance)	**1,677,498**	1,749,691
Effective interest recognised for the year	**153,632**	136,236
Interest payable during the year	**(141,862)**	(119,305)
Acceleration of unwinding interest	**3,918**	—
Exchange realignment	**91,243**	(89,124)
Carrying amount at 31 December	**1,784,429**	1,677,498
Fair value of the 2019 Senior Notes *	**990,360**	1,693,608

* The fair values of the 2019 Senior Notes are determined based on the price quoted on the over-the-counter market on 31 December 2018 and the price quoted on the HKSE on 31 December 2017.

13. SHARE CAPITAL

	2018	2017
	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 (2017: 834,073,195) ordinary share of US$0.01 each	**8,341**	8,341
Equivalent to RMB'000	**55,785**	55,785

There was no movement in the Company's issued share capital during the year.

14. DISPOSAL OF SUBSIDIARIES

	2018
	RMB'000
Net assets disposed of:	
Trade receivables	**34,591**
Prepayments, deposits and other receivables	**30,067**
Property, plant and equipment	**4,704**
Cash and bank balances	**1,245**
Intangible assets	**201**
Inventories	**19**
Tax payables	**(702)**
Trade payables	**(2,796)**
Other payables and accruals	**(21,712)**
	45,617
Non-controlling interests	**(250)**
Equity attributable to owner of the parent	**45,367**
Loss on disposal of subsidiaries (note 4)	**(15,367)**
Satisfied by offsetting of debts	**30,000**

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

	2018
	RMB'000
Cash and bank balances disposed of	**1,245**
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	**1,245**

On 26 October 2018, the Group sold its shares in Hunan Singyes Green Electricity Technology Co., Ltd. ("Hunan Electricity") for a total consideration of RMB30,000,000 to Zhuhai Huaxin Labour Co., Ltd. and Hunan Yunxin Renewable Energy Co., Ltd. (together as the "Purchasers"). The consideration was satisfied by offsetting the debts the Group owed to the Purchasers.

15. BUSINESS COMBINATION

On 24 December 2018, China Singyes New Materials Holdings Co., Ltd. ("Singyes New Materials") completed the acquisition of 100% equity interests in Huabei Limited ("Huabei"), which held 75% equity interests in Shenzhen Kangsheng Photoelectric Technology Co., Ltd. ("Shenzhen Kangsheng", Huabei and Shenzhen Kangsheng are collectively referred to as "Huabei Group"). Upon completion, Singyes New Materials directly owned 75% effective equity interests in Shenzhen Kangsheng, which is engaged in the manufacture and sale of ITO film products. The purchase consideration was satisfied by allotment and issue of 40,000,000 ordinary shares of Singyes New Materials at the market price of HK$0.62 per share (equivalent to approximately RMB21,848,000, in aggregate, before deducting transaction expenses). The acquisition has been accounted for using the acquisition method.

The Singyes New Materials has acquired Huabei to further expand its market share of ITO film products in Southern China. Particulars of the acquisition of the 100% equity interests in Huabei were set out in Singyes New Materials's announcements dated 12 September 2018 and 19 October 2018, respectively.

The Group has elected to measure the non-controlling interests in Huabei at the non-controlling interests proportionate share of Huabei's identifiable net assets.

The following table summarises the consideration paid for the acquisition and the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date:

	Fair value recognised on acquisition
	RMB'000
Trade and bills receivables	22,230
Property, plant and equipment	11,966
Inventories	4,820
Prepayments, deposits and other receivables	4,238
Cash and cash equivalents	2,361
Trade payables	(11,567)
Contract liabilities	(1,443)
Other payables and accruals	(11,003)
Tax payable	(247)
Deferred tax liabilities	(820)
Total identifiable net assets at fair value	20,535
Non-controlling interests	(5,135)
	15,400
Goodwill on acquisition	6,448
Satisfied by issue of ordinary shares	21,848

An analysis of the cash flow in respect of the acquisition of above subsidiaries is as follows:

	RMB'000
Cash and cash equivalents acquired	2,361
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	2,361

As the acquisition taken place on 24 December 2018, the contributions from Huabei Group to the Group's revenue and the consolidated profit for the year ended 31 December 2018 were minimal.

Had the combination taken place at the beginning of the year, the revenue of the Group and the loss of the Group for the year would have been RMB4,474,836,000 and RMB668,373,000, respectively.

16. CONTINGENT LIABILITIES

The Group has assessed and has made provisions for any probable outflow of economic benefits in relation to contingent liabilities at the reporting date in accordance with its accounting policies.

As at 31 December 2018, based on the opinion of internal and external legal counsels, the Group has made provisions for compensation of RMB81,289,000 for the year ended 31 December 2018 (31 December 2017: nil). The contingencies will not have material impact on financial position and operations 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 one to two years.

At 31 December 2018, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2018	2017
	RMB'000	*RMB'000*
Within one year	**2,019**	2,483
In the second to fifth years, inclusive	**400**	2,397
	2,419	4,880

(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:

	2018	2017
	RMB'000	*RMB'000*
Within one year	**3,447**	2,488
In the second to fifth years, inclusive	**2,416**	2,038
After five years	**5,773**	6,175
	11,636	10,701

18. COMMITMENTS

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

	2018	2017
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Construction of buildings and solar photovoltaic power stations	**134,257**	345,898
Purchase of office property	**12,792**	20,759
Purchase of machinery	**1,045**	325
Purchase of patent	**14,400**	14,400
Capital contributions to be injected into associates	**12,000**	12,000
	174,494	393,382

19. EVENTS AFTER THE REPORTING PERIOD

(1) The Subscription

As set out in note 2.1, the Company has entered into a subscription agreement with the Subscriber. Pursuant to the subscription agreement, the Company has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, at completion, 1,687,008,585 subscription shares at the subscription price of HK$0.92 per subscription share. The net proceeds, after taking into account the estimated expenses in relation to the Subscription, would be approximately HK$1,529,048,000 (equivalent to approximately RMB1,339,751,000).

The 1,687,008,585 subscription shares represent (i) approximately 202.26% of the issued share capital of the Company as at the date of the joint announcement issued by the Group on 5 June 2019; (ii) approximately 66.92% of the issued share capital of the Company as enlarged by the allotment and issuance of the subscription shares; (iii) and approximately 65.86% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares and the exercise in full of all the outstanding share options and conversion rights under the 2019 Convertible Bonds. For more details, please refer to the announcement made by the Company published on 5 June 2019.

(2) Restructuring of the Debt Securities

As set out in note 2.1, that approximately 98.39% of the bondholders supported the Company and entered into the RSAs on 9 August 2019.

(3) Pledge shares of Singyes New Materials

On 24 May 2019, the Group pledged 324,324,325 shares of Singyes New Materials, representing approximately 62.4% of the total issued share capital of Singyes New Materials and 100% of the shares of which held by the Group, to a independent third party, to obtain a loan amounting to US$12,000,000 (equivalent to approximately RMB82,914,000) at interest rate of 15% per annum. The loan was due in 12 months, in which Mr. Liu Hongwei and Strong Eagle act as the guarantor.

(4) Winding up petition

On 8 August 2019, the Company received a winding up petition filed by a bank with the Hong Kong Court against the Company for the compensation of breach of banking facility agreements.

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

Curtain wall and green building business dropped by RMB173.4 million or 10.4% compared with year 2017. Majority of the Group's curtain wall and green building in Hong Kong has already been completed in 2017 and no sizable new projects obtained during the year which bought negative impact to the Group's overseas curtain wall and green building business. While the Group's business inside Mainland China was relatively stable during the year.

Solar EPC business

Due to the tightening of the lending environment inside Mainland China, and also because of the default in various senior notes issued by the Company, the Group's ability in getting new financing had significantly be impacted. Since the initial working capital requirement for Solar EPC is high, majority of the Group's Solar EPC projects has been suspended.

Solar EPC revenue dropped by RMB486.3 million or 18.8%.

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 2018, the Group had 427.9 MW grid-connected power stations and 42.4 MW projects awaiting for grid-connection.

BUSINESS AND FINANCIAL REVIEW

Revenue

The following table set out the breakdown of revenue:

	2018	2017
	RMB million	*RMB million*
Curtain walls and green buildings		
– Public work	**384.9**	499.7
– Commercial and industrial	**696.5**	855.8
– High-end residential	**420.9**	320.3
	1,502.3	1,675.8
Solar EPC		
– Public work	**1,070.3**	603.0
– Commercial and industrial	**1,031.6**	1,985.2
	2,101.9	2,588.2
Total construction contracts	**3,604.2**	4,264.0
Sale of goods		
– Conventional materials	**217.8**	412.2
– Renewable energy goods	**321.9**	745.6
– New materials	**126.0**	115.8
Total sale of goods	**665.7**	1,273.6
Sale of electricity, including tariff adjustment	**283.6**	282.0
Rendering of design and other services	**14.0**	13.3
Rendering of operation and maintenance service	**13.1**	9.2
	4,580.6	5,842.1
Tariff adjustment	**(164.0)**	(166.7)
Total revenue	**4,416.6**	5,675.4

Gross profit and gross profit margin

	2018		2017	
	RMB million	*%*	*RMB million*	*%*
Construction contracts				
– Curtain walls and green buildings	**113.7**	**7.6**	234.3	14.0
– Solar EPC	**365.9**	**17.4**	649.5	25.1
	479.6	**13.3**	883.8	20.7
Sale of goods				
– Conventional materials	**37.8**	**17.3**	98.9	24.0
– Renewable energy goods	**27.2**	**8.4**	87.4	11.7
– New materials	**55.9**	**44.4**	45.1	39.0
	120.9	**18.2**	231.4	18.2
Sale of electricity, including tariff adjustment	**166.3**	**58.7**	182.1	64.6
Rendering of design and other services	**11.2**	**80.4**	3.0	22.6
Rendering of operation and maintenance service	**6.9**	**52.3**	5.2	56.5
Total gross profit and gross profit margin including tariff adjustment	**784.9**	**17.1**	1,305.5	22.3

The Group's revenue (including electricity tariff adjustment) decreased by RMB1,261.5 million or 21.6%, from RMB5,842.1 million in the year 2017 to RMB4,580.6 million in the year 2018. Gross profit (including electricity tariff adjustment) decreased by RMB520.6 million or 39.9%, from RMB1,305.5 million in the year 2017 to RMB784.9 million in the year 2018.

1) Curtain wall and green building

Revenue from curtain wall and green building business amounted to RMB1,502.3 million, representing a decrease of RMB173.4 million or 10.4% compared with the year 2017. As mentioned earlier, the drop was mainly because of the decrease in offshore curtain wall EPC business while the domestic business maintained. Gross profit margin dropped from 14.0% to 7.6%, the drop in gross profit margin ratio was because loss has been incurred in some overseas projects, gross margin in domestic projects remain stable.

2) **Solar EPC**

Revenue from solar EPC amounted to RMB2,101.9 million, representing a decrease of RMB486.3 million or 18.8% from RMB2,588.2 million reported in the year 2017. As disclosed in the 2018 interim report, solar EPC revenue grew by RMB258.9 million or 16.8% in the first half of 2018 compared to the same period in 2017. However, in second half of 2018, because of the tightening in lending market in Mainland China and Hong Kong and also because of the default of various senior notes, the solar EPC revenue in second half of 2018 was RMB301.4 million (second half of 2017: RMB1,046.6 million), the drop was because the Group had insufficient working capital to finance the material procurement cost and construction cost of its solar EPC projects. Majority of the projects on hand were therefore suspended, gross profit margin dropped to 17.4% (2017: 25.1%).

3) **Sale of goods**

(i) Sale of conventional materials accounted to RMB217.8 million, dropped by RMB194.4 million or 47.2%, it was mainly because of the drop in material sale in overseas business, gross profit margin went down to 17.3%.

(ii) Sale of renewable energy goods recorded a decrease of RMB423.7 million from RMB745.6 million in the year 2017 to RMB321.9 million in 2018, gross profit margin also dropped to 8.5% during the year.

(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 increased by RMB10.2 million or 8.8% and gross profit margin went up to 44.4% (2017: 39.0%).

(iv) The following table sets out the Group's self-invested solar power stations as at 31 December 2018.

Location	On-grid	Pending grid connection	In-progress	Total
	MW	*MW*	*MW*	*MW*
Guangdong province	**178.6**	**13.9**	**67.5**	**260**
Northwest China	**113**	**28.5**	**—**	**141.5**
Golden Sun/Distributed Power	**134.3**	**—**	**—**	**134.3**
Overseas	**2**	**—**	**—**	**2**
	427.9	**42.4**	**67.5**	**537.8**

The Group's accumulated on-grid capacity increased from 320.0 megawatts ("MW") at 31 December 2017 to 537.8 MW at 31 December 2018, which comprised of 134.3 MW Golden Sun or distributed power stations, and 401.5 MW ground-mounted solar farms inside Mainland China and a 2 MW solar farm overseas. The sale of electricity, including tariff adjustment, amounted to RMB283.6 million in the year 2018 (2017: RMB282.0 million).

Revenue and gross profit contribution from different business sectors:

Revenue split (including tariff adjustment)

	2018		2017	
	RMB million	***%***	*RMB million*	*%*
Conventional business[1]	**1,734.1**	**37.9**	2,101.3	36.0
Renewable energy business[2]	**2,720.5**	**59.4**	3,625.0	62.1
New material business	**126.0**	**2.7**	115.8	1.9
	4,580.6	**100.0**	5,842.1	100.0

Gross profit split (including tariff adjustment)

	2018		2017	
	RMB million	***%***	*RMB million*	*%*
Conventional business[1]	**162.7**	**20.7**	336.2	25.8
Renewable energy business[2]	**566.3**	**72.2**	924.2	70.8
New material business	**55.9**	**7.1**	45.1	3.4
	784.9	**100.0**	1,305.5	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, gain on disposal of property, plant and equipment, government grants and compensation income.

An analysis of major items of other income and gains is as follows:

	2018	2017
	RMB'000	*RMB'000*
Deferred income released to profit or loss over the expected useful lives of the related assets	**10,118**	14,346
Bank interest income	**5,479**	16,599
Government grants	**10,615**	12,230
Gain on disposal of items of property, plant and equipment	**11,927**	59,309
Gain on settlement of derivative financial instruments	**4,916**	—
Compensation income	**7,342**	—
Interest on retention money	—	10,997
Gain on disposal of a subsidiary	—	16,007
Foreign exchange gains, net	—	24,110
Others	**8,177**	25,289
	58,574	178,887

Selling and distribution expenses

Selling and distribution expenses dropped by RMB53.5 million or 34.5%, the co-relation between revenue and selling and distribution expenses is high and the drop is consistent with the drop in business volume.

Administrative expenses

Administrative expenses remained stable as compared with the year 2017.

Other expenses

Other expenses in 2018 mainly represented exchange loss, loss on disposal of subsidiaries and provision for compensation.

Finance costs

The Group's finance costs decreased by RMB144.1 million or 23.2% mainly because of the drop in interest expense in convertible bonds since majority of the convertible bond holders had exercised their put options in 2017.

Income tax expense

Income tax expense during the year included RMB63.8 million of taxation charge (2017: RMB135.6 million) and RMB45.5 million of deferred tax charge (2017: RMB16.8 million of deferred tax credit).

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.

Current ratio

The current ratio being, current assets over current liabilities at 31 December 2017 was 1.73; and a net current liabilities of RMB888.4 million was noted at 31 December 2018, this was mainly because of the Group was unable to re-finance its senior notes in 2018 which resulted in defaults and cross defaults of certain bank and other loans, and which would become immediately repayable if requested by the lenders.

Trade receivables/trade and bills payables turnover days

Turnover days	**At 31 December 2018** *Days*	At 31 December 2017 *Days*
Trade receivables	**288**	218
Trade and bills payables	**106**	106

Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables 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 2018 was 288 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 2018 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. Apart from that, in previous years, the Group also use bank and loans and offshore senior unsecured notes as a alternative source of financing for its capital expenditure and working capital. During the year, the Group was unable to re-finance certain of its debts and the facts were summarized as below:

The Company's offshore senior notes include the 2018 USD Senior Notes, the 2019 Senior Notes and the 2019 Convertible Bonds. As of 31 December 2018, the total outstanding principal amounts of the 2018 USD Senior Notes, the 2019 Senior Notes and the 2019 Convertible Bonds are US$155.26 million, US$260 million and RMB96 million, respectively. The Company announced on the HKSE on 18 Oct 2018 that it had defaulted on its 2018 USD Senior Notes and Admiralty Harbour Capital Limited and Kirkland & Ellis were appointed as the Company's financial and legal advisers to assist it with a potential offshore debt restructuring. The 2019 Senior Notes and the 2019 Convertible Bonds subsequently payment-defaulted in February 2019.

On 5 June 2019, the Company announced the share subscription agreement with Shuifa Energy Group. Pursuant to the subscription agreement, the Company conditionally agreed to allot and issue to the subscriber 1,687,008,585 ordinary shares at the price of HK$0.92 per share. The subscription shares would represent approximately 66.92% of the issued share capital of the Company. The gross proceeds from the subscription are expected to be approximately HK$1.552 billion. It is intended that the proceeds from the subscription will be used for restructuring of existing debts, fees and expenses related to the overall restructuring exercise and providing general working capital and normalised funding levels for the Company's ongoing operations. The Subscription and the offshore debt structuring are said to be inter-conditional on one another.

On 19 July 2019, the Company announced its Restructuring Support Agreement (RSA) following its signing of such with certain bondholders. The RSA contained proposed restructuring terms to be implemented through schemes of arrangements in the required jurisdictions, which will need to be approved by the requisite majority of scheme creditors, and sanctioned by the relevant courts at a later stage.

Capital expenditures

Capital expenditures of the Group amounted to RMB578.2 million for the year (2017: RMB359.6 million) and were mainly for the acquisition and construction of self-invested solar power stations.

Borrowings and bank facilities

The outstanding borrowings comprised bank and other loans of RMB2,956.8 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 term loans in Hong Kong. Interest rates for domestic loans inside Mainland China were ranging from 4.35%-7.2% and for other domatic loans were ranging from 3.92% to 24.0%.

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 and liabilities are denominated in RMB, except for those of the overseas subsidiaries which functional currencies are currencies other than RMB and certain items of cash and cash equivalents that are denominated in HK$, US$ and other currencies.

If RMB strengthens/weakens against HK$ as a reasonable possible change of 5%, the loss before tax of the Group will increase/decrease by approximately RMB13,697,000 (2017: the profit before tax of the Group will increase/decrease by approximately RMB65,034,000), due to changes in fair values of monetary assets and liabilities. The Group does not consider that it has any significant exposure to the risk of fluctuation in the exchange rate between US$ and RMB as a reasonable possible change of 5% in RMB against US$ would have no significant financial impact on the Group's loss.

Credit risk

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.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

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.

However, for interest-bearing bank and other loans containing a repayment on demand clauses, if the lenders were to invoke their unconditional rights to call the loans with immediate effect, RMB2,810,335,000 of which will be on demand for repayment immediately, excluding interest payment.

For the 2019 Senior Notes of RMB1,647,168,000 and the 2019 Convertible Bonds of RMB96,000,000, if the holders were to invoke their unconditional rights to call them with immediate effect, they will be on demand for repayment immediately, excluding interest payment.

Dividend

The Directors of the Company do not recommend payment of a final dividend (2017: HK$0.03 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.

HUMAN RESOURCES

As at 31 December 2018, the Group had about 1,900 employees. Employee salary and other benefit expenses dropped to RMB211.4 million in the year 2018 compared with RMB267.4 million in the year 2017. It was generally because of the drop in average 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 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 2018, 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 2018.

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 2018.

Scope of Work for Annual Results Announcement by Auditors

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2018, but represents an extract from the consolidated financial statements for the year ended 31 December 2018 which have been audited by the auditor of the Company, Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information has been reviewed by the Audit Committee and approved by the Board.

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 2018.

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 2018 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.

FULFILLMENT OF RESUMPTION CONDITIONS

Reference is made to the (1) announcement of the Company dated 26 March 2019 in relation to the postponement of board meeting of the Company to consider its annual results for the year ended 31 December 2018 (the "2018 Annual Results"); (2) announcements of the Company dated 29 March 2019, 31 May 2019, 31 July 2019; 8 August 2019 in relation to the delay in publication of the 2019 Annual Results ;(3) update annulments dated 24 April 2019 in relation to the 2018 Annual Results; and (4) announcement of the Company dated 9 May 2019 in relation to the resumption guidance (the "Resumption Announcement").

Trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 1 April 2019 at the request of the Company. As disclosed in the Resumption Announcement, the Company has been notified by the Stock Exchange of the following resumption guidance:

(i) publish all outstanding financial results required under the Listing Rules and address any audit modifications ("Resumption Condition 1"); and

(ii) inform the market of all material information for shareholders and investors to appraise the Company's position ("Resumption Condition 2")

The Company is pleased to announce that all the conditions contained in the Resumption Guidance have been fulfilled, the details of which are set out as follows:

Resumption Condition 1

On 16 August 2019, the Company published the 2018 Annual Results with an unmodified audit opinion by Ernst & Young, the auditor of the Company. The Company expect to publish its annual report for the year ended 31 December 2018 as soon as reasonably practicable.

Resumption Condition 2

Save as disclosed above, there is no other material information that needs to be disclosed pursuant to any of the requirements set out in the Listing Rules, nor are there any other matters that need to be brought to the attention of the Shareholders and potential investors of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 1 April 2019. As all the conditions contained in the Resumption Guidance have been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 19 August 2019.

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

Hong Kong, 16 August 2019

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 Dr. Li Hong and Mr. Zhuo Jianming, and the independent non-executive Directors are Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei.