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

(incorporated in Bermuda with limited liability)

(Stock Code: 750)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board of directors (the "Directors", collectively referred to as the "Board") of China Singyes Solar Technologies Holdings Limited (the "Company") is pleased to announce the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2019 (the "Period").

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Revenue	**1,148,380**	3,019,787
Profit/(loss) before tax	**(460,927)**	321,493
Income tax expense	**4,069**	90,247
Profits/(loss) attributable to owners of the Company	**(468,024)**	228,484
Earnings/(loss) per share attributable to ordinary equity holders		
– Basic	**RMB(0.581)**	RMB0.274
– Diluted	**RMB(0.581)**	RMB0.274

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the six months ended 30 June 2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Revenue	3	**1,148,380**	3,019,787
Cost of sales		**(1,209,524)**	(2,282,826)
Gross profit/(loss)		**(61,144)**	736,961
Tariff adjustment	3	**80,232**	86,568
Other income and gains		**25,044**	38,810
Selling and distribution expenses		**(61,499)**	(62,716)
Administrative expenses		**(141,260)**	(179,010)
Impairment losses on financial and contract assets, net		**(99,647)**	(41,199)
Other expenses		**(6,723)**	(39,208)
Finance costs		**(197,110)**	(212,896)
Share of profits/(losses) of associates		**1,180**	(5,817)
Profit/(loss) before tax	4	**(460,927)**	321,493
Income tax expense	5	**(4,069)**	(90,247)
Profit/(loss) for the period		**(464,996)**	231,246
Other comprehensive loss for the period:			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity instruments at fair value through other comprehensive income		–	(6,559)
Exchange differences on translation of financial statements		**(12,051)**	(24,462)
Other comprehensive loss for the period		**(12,051)**	(31,021)
Total comprehensive income/(loss) for the period		**(477,047)**	200,225
Profit/(loss) attributable to:			
Owners of the Company		**(468,024)**	228,484
Non-controlling interests		**3,028**	2,762
		(464,996)	231,246
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**(480,133)**	197,301
Non-controlling interests		**3,086**	2,924
		(477,047)	200,225
Earnings/(loss) per share attributable to ordinary equity holders of the Company			
– Basic	6	**RMB(0.581)**	RMB0.274
– Diluted	6	**RMB(0.581)**	RMB0.274

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2019** ***RMB'000*** ***(unaudited)***	31 December 2018 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**4,400,161**	4,475,179
Investment properties		**73,549**	74,344
Right-of-use assets		**217,699**	–
Prepaid land lease payments		**–**	211,413
Intangible assets		**1,803**	2,058
Payments in advance		**13,952**	13,513
Investments in associates		**5,609**	4,429
Investment in a joint venture		**–**	6,370
Deferred tax assets		**1,610**	1,557
Financial assets at fair value through profit or loss		**24,885**	24,265
Equity investments designated at fair value through other comprehensive income		**5,678**	5,657
Goodwill		**6,448**	6,448
Total non-current assets		**4,751,394**	4,825,233
CURRENT ASSETS			
Inventories		**74,330**	69,592
Contract assets		**2,003,513**	2,119,517
Trade and bills receivables	*8*	**3,022,975**	3,389,476
Prepayments, deposits and other receivables	*8*	**965,450**	596,568
Pledged deposits		**73,377**	180,590
Cash and cash equivalents		**140,249**	216,151
Total current assets		**6,279,894**	6,571,894
CURRENT LIABILITIES			
Trade and bills payables	*9*	**899,953**	901,520
Other payables and accruals		**486,111**	449,257
Contract liabilities		**76,317**	105,067
Bank advances for discounted bills		**40,115**	–
Interest-bearing bank and other loans		**3,014,750**	2,956,804
Tax payable		**16,049**	20,317
Convertible bonds	*10*	**96,000**	96,000
Senior notes	*11*	**2,854,788**	2,850,012
Lease liabilities		**2,634**	–
Provision		**81,432**	81,289
Total current liabilities		**7,568,149**	7,460,266
NET CURRENT LIABILITIES		**(1,288,255)**	(888,372)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,463,139**	3,936,861

	Notes	**30 June 2019** **RMB'000** ***(unaudited)***	31 December 2018 *RMB'000*
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**87,592**	87,680
Lease liabilities		**7,259**	–
Deferred income		**152,316**	157,449
Total non-current liabilities		**247,167**	245,129
Net assets		**3,215,972**	3,691,732
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*12*	**55,785**	55,785
Reserves		**3,056,997**	3,535,106
		3,112,782	3,590,891
Non-controlling interests		**103,190**	100,841
Total equity		**3,215,972**	3,691,732

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 4th Floor, North Cedar House, 41 Cedar Avenue, Hamilton, HM12, Bermuda. The principal place of business of the Company is located at Unit 3108, 31st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

During the six months ended 30 June 2019 (the "Period"), the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the design, manufacture, supply and installation of conventional curtain walls and building integrated solar photovoltaic system, as well as the manufacture and sale of solar power products. There were no significant changes in the nature of the Group's principal activities during the Period.

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

2.1 BASIS OF PREPARATION

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

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018.

Going concern basis

As at 30 June 2019, the Group had net current liabilities of RMB1,288,255,000 (31 December 2018: net current liabilities of RMB888,372,000) and incurred a loss of RMB464,996,000 (six months ended 30 June 2018: net profit of RMB231,246,000) for the Period.

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 China Singyes New Materials Holdings. Co., Ltd. ("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 Company had received a confirmation from the SFC on 28 August 2019 that no general offer will be required to be made for Singyes New Materials.

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

As at 30 June 2019, the Group has entered into extension agreements with eight banks. Pursuant to the extension agreements, the due date of bank loans aggregating to RMB864,494,000 (the "extended loans") and RMB689,365,000 as at 30 June 2019, 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

On July 2019, 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 30 June 2019. 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 30 June 2019. Accordingly, the directors are satisfied that it is appropriate to prepare the interim condensed financial information 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 interim condensed financial information.

The Audit Committee of 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of following new standards, interpretation and amendments to a number of International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board for the first time for financial year beginning 1 January 2019:

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC 23	Uncertainty over Income Tax Treatments
Annual Improvements 2015-2017 Cycle	*Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23*

Other than as explained below regarding the impact of IFRS 16 Leases, the adoption of these amendments to IFRSs has had no significant financial effect on the financial position or performance of the Group. The nature and impact of IFRS 16 are described below:

IFRS 16 replaces IAS 17 Leases, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and comparative information for 2018 was not restated and continues to be reported under IAS 17.

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of plant, office premises, and land use rights. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The Group elected to present the lease liabilities separately in the consolidated statement of financial position.

The right-of-use assets for most leases were measured at the amount of the lease liability, adjusted by the amount of any prepaid lease payments relating to the lease recognised in the consolidated statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the consolidated statement of financial position.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

	Increase/(decrease)
	RMB'000
	(unaudited)
Assets	
Increase in right-of-use assets	222,135
Decrease in prepaid land lease payments	(211,413)
Increase in total assets	10,722
Liabilities	
Increase in total liabilities	10,722

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000
	(unaudited)
Operating lease commitments as at 31 December 2018	11,636
Weighted average incremental borrowing rate as at 1 January 2019	4.85%
Discounted operating lease commitments as at 1 January 2019	8,311
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	86
Add: Payments for optional extension periods not recognised as at 31 December 2018	2,497
Lease liabilities as at 1 January 2019	10,722

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option on extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease plant and office premises for additional years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within the control of the Group and affects its ability to exercise the option to renew.

Amounts recognised in the interim consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the Period are as follow:

	Right-of-use assets			
	Plant and office premises *RMB'000*	**Prepaid land lease payments** *RMB'000*	**Subtotal** *RMB'000*	**Lease liabilities** *RMB'000*
As at 1 January 2019	6,706	215,429	222,135	10,722
Additions	–	931	931	–
Depreciation charge	(1,016)	(4,351)	(5,367)	–
Interest expense	–	–	–	255
Payments	–	–	–	(1,084)
As at 30 June 2019	5,690	212,009	217,699	9,893

The Group recognised rental expenses from short-term leases of RMB2,882,000 for the six months ended 30 June 2019.

3. OPERATING SEGMENT INFORMATION AND REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue represents an appropriate proportion of contract revenue from construction contracts, net of government surcharges; and the 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 Period were mainly derived from the construction and installation of curtain walls (including solar power products), and 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

The following table sets forth the disaggregation of the Group's revenue from contracts with customers and the percentage of total revenue during the Period:

	For the six months ended 30 June			
	2019		2018	
	RMB'000	***%***	*RMB'000*	*%*
	(unaudited)		*(unaudited)*	
Revenue from contracts with customers				
Construction contracts	**886,027**	**77.2**	2,587,077	85.7
Sale of goods	**200,843**	**17.5**	359,127	11.9
Rendering of design services	**5,157**	**0.4**	4,161	0.1
Rendering of operation and maintenance services	**–**	**–**	10,053	0.3
Sale of electricity	**56,353**	**4.9**	59,369	2.0
Revenue	**1,148,380**	**100.0**	3,019,787	100.0
Tariff adjustment*	**80,232**		86,568	

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

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June			
	2019		2018	
	RMB'000	***%***	*RMB'000*	*%*
	(unaudited)		*(unaudited)*	
Domestic – Mainland China*	**1,043,781**	**90.8**	2,937,763	97.3
Malaysia	**6,372**	**0.6**	1,176	0.0
Macau	**1,831**	**0.2**	5,517	0.2
Hong Kong	**8,360**	**0.7**	16,959	0.6
Oceania	**88,036**	**7.7**	58,372	1.9
	1,148,380	**100.0**	3,019,787	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.

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Timing of revenue recognition		
Goods transferred at a point in time	**257,196**	418,496
Services transferred over time	**891,184**	2,601,291
Total revenue from contracts with customers	**1,148,380**	3,019,787

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:

	For the six months ended 30 June 2019 *RMB'000* *(unaudited)*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Construction contracts	**38,158**
Sale of goods	**44,551**
	82,709

(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 30 June 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts was approximately RMB1,250,833,000(31 December 2018: 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

	30 June 2019		31 December 2018	
	RMB'000	*%*	*RMB'000*	*%*
	(unaudited)			
Mainland China	**4,675,575**	**99.2**	4,744,979	99.2
Oceania	**16,324**	**0.3**	15,840	0.3
Hong Kong	**18,125**	**0.4**	18,567	0.4
Others	**3,588**	**0.1**	3,569	0.1
	4,713,612	**100.0**	4,782,955	100.0

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

Information about major customers

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Customer A	*	1,165,515
Customer B	**115,025**	*
Customer C	**253,290**	*

* Less then 10%

4. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Cost of construction contracts and design services	**981,611**	1,943,575
Cost of inventories sold	**164,514**	283,451
Cost of electricity sold	**63,399**	47,208
Cost of operation and maintenance service	**–**	8,592
Depreciation of property, plant and equipment	**94,349**	87,950
Depreciation of investment properties	**795**	794
Depreciation of right-of-use assets	**5,367**	–
Amortisation of prepaid land lease payments	**–**	1,958
Amortisation of intangible assets	**501**	499
Total depreciation and amortisation	**101,012**	91,201
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries and relevant benefits	**80,224**	133,656
Pension scheme contributions	**2,505**	3,742
Equity-settled share option expense	**3,312**	5,745
	86,041	143,143
Minimum lease payments under operating leases	**2,882**	4,166
Research costs	**6,614**	7,104
Auditors' remuneration	**2,100**	2,450
Provision for impairment of financial and contract assets	**99,647**	41,199
Losses on settlement of derivative financial instruments	**–**	13,921
Fair value loss on derivative financial instruments	**–**	2,446
Interest income from financial assets at fair value through profit or loss	**–**	(2,442)
Gains on disposal of items of property, plant and equipment	**–**	(45)
Gain on financial assets at fair value through profit or loss	**(342)**	–
Operating lease rental income	**(1,098)**	(545)
Exchange losses/(gain), net	**(6,979)**	19,954

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

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 People's Republic of China (the "PRC") for the Period.

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Current – Charge for the Period		
– Mainland China	**4,210**	98,591
Deferred	**(141)**	(8,344)
Total tax charge for the Period	**4,069**	90,247

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

The calculation of the basic loss (six months ended 30 June 2018: earnings) per share amount is based on the loss for the Period (six months ended 30 June 2018: earnings) attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 834,073,195 (six months ended 30 June 2018: 834,073,195) in issue during the Period.

The calculation of the diluted earnings/loss per share amount is based on the profit/loss for the Period attributable to ordinary equity holders of the Company as used in the basic earnings/loss per share calculation, adjusted to reflect the impact of a subsidiary's earnings due to its share options, 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 Period, 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 per share are based on:

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company used in the basic earnings per share calculation	**(468,024)**	228,484
Impact of share options granted by a subsidiary	–	(40)
Interest on convertible bonds *(note 10)**	–	–
Less: fair value gains on the conversion rights of the convertible bonds *(note 10)**	–	–
Profits/(loss) attributable to ordinary equity holders of the Company before impact of share options granted by a subsidiary	**(468,024)**	228,444

	For the six months ended 30 June	
	Number of shares	
	2019	2018
	(unaudited)	*(unaudited)*
		Restated
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic earnings per share calculation	**834,073,195**	834,073,195
Effect of dilution – weighted average number of ordinary shares:		
Share options*	–	588,515
Convertible bonds*	–	–
	834,073,195	834,661,710

* The computation of diluted earnings per share for the six months ended 30 June 2019 did not assume the exercises of share options and convertible bonds for the Period since assuming such exercises would result in a decrease in loss per share.

7. DIVIDENDS

No interim dividend was proposed by the directors of the Company in respect of the Period (six months ended 30 June 2018: Nil).

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

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(unaudited)	
Trade and bills receivables		
Trade receivables	**3,277,126**	3,590,244
Bills receivables	**65,032**	26,925
Less: impairment	**(319,183)**	(227,693)
	3,022,975	3,389,476

The Group's trade receivables include net carrying amounts due from the Group's associates of RMB291,351,000 (31 December 2018: RMB272,054,000), 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 RMB2,165,552,000 (31 December 2018: RMB19,588,000) 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 billing date and net of impairment, is as follows:

	30 June 2019 *RMB'000* *(unaudited)*	31 December 2018 *RMB'000*
Within 3 months	**502,997**	426,591
3 to 6 months	**185,147**	445,343
6 to 12 months	**529,209**	1,052,722
1 to 2 years	**1,645,087**	1,374,077
2 to 3 years	**103,967**	90,154
Over 3 years	**56,568**	589
	3,022,975	3,389,476

	30 June 2019 *RMB'000* *(unaudited)*	31 December 2018 *RMB'000*
Prepayments, deposits and other receivables		
Prepayments to subcontractors and suppliers	**142,868**	69,133
Deposits	**49,664**	58,601
Tariff adjustment receivables*	**284,907**	194,844
Other receivables	**505,757**	293,720
	983,196	616,298
Less: impairment	**(17,746)**	(19,730)
	965,450	596,568

The Group's prepayments, deposits and other receivables include amounts due from the Group's associates of RMB39,976,000 (31 December 2018: nil).

The Group has pledged tariff adjustment receivables of approximately RMB269,489,000 (31 December 2018: RMB182,340,000) 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.

9. TRADE AND BILLS PAYABLES

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:

	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(unaudited)	
Within 3 months	**432,044**	414,373
3 to 6 months	**157,189**	259,914
6 to 12 months	**159,306**	137,542
1 to 2 years	**91,267**	43,808
2 to 3 years	**33,471**	22,021
Over 3 years	**26,676**	23,862
	899,953	901,520

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

As at 30 June 2019, certain machineries with a net carrying amount of approximately RMB9,147,000 (31 December 2018: RMB10,886,000) and frozen deposits of RMB54,086,000 (31 December 2018: RMB19,993,000) were restricted by courts according to the civil ruling to secure the Group's trade payables of RMB48,424,000 (31 December 2018: RMB16,956,000) to certain suppliers.

As at 30 June 2019, the Group's bills payable were secured by the pledged deposits amounting to RMB11,811,000 (31 December 2018: RMB49,663,000).

10. CONVERTIBLE BONDS

	Notes	**30 June 2019** **RMB'000** ***(unaudited)***	31 December 2018 *RMB'000*
Convertible bonds, liability component	*(a)*	**96,000**	96,000
Fair value of embedded derivatives	*(b)*	**–**	–
		96,000	96,000

On 8 August 2014, the Company issued 930 units of 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. As at 30 June 2019, 96 units of those convertible bonds remained.

As at 30 June 2019, the conversion price of the 2019 Convertible Bonds was HK$15.26.

As mentioned in note 2.1, the 2019 Convertible Bonds became immediately repayable and classified as current liabilities as at 30 June 2019 due to the Default. As at the date of approval of the interim condensed financial information, 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 costs) minus the fair value of the conversion rights of the 2019 Convertible Bonds.

(a) Liability component

	For the six months ended 30 June	
	2019 **RMB'000** ***(unaudited)***	2018 *RMB'000* *(unaudited)*
Liability component at 1 January	**96,000**	80,819
Effective interest recognised for the Period	**2,380**	6,669
Interest payable during the Period	**(2,380)**	(2,380)
Liability component at 30 June	**96,000**	85,108

(b) Conversion rights

The fair value of conversion rights as at 30 June 2019 was nil (31 December 2018: nil). No fair value change of conversion right was recognised during the Period (six months ended 30 June 2018: nil)

The related interest expense of the liability component of the 2019 Convertible Bonds for the Period amounted to RMB2,380,000 (six months ended 30 June 2018: RMB6,669,000).

11. SENIOR NOTES

	Notes	**30 June 2019** ***RMB'000*** ***(unaudited)***	31 December 2018 *RMB'000*
2018 USD Senior Notes	*(a)*	**1,067,368**	1,065,583
2019 Senior Notes	*(b)*	**1,787,420**	1,784,429
		2,854,788	2,850,012

(a) 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 USD 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 Stock Exchange of Hong Kong Limited ("HKSE") (stock code:5292). The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,039,118,000.

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

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Carrying amount at 1 January	**1,065,583**	1,030,807
Effective interest recognised for the Period	**36,616**	40,818
Interest payable during the Period	**(36,616)**	(35,531)
Exchange realignment	**1,785**	16,450
Carrying amount at 30 June 2019	**1,067,368**	1,052,544
Fair value of the 2019 USD Senior Notes*	**N/A**	964,700

* The fair values of the 2018 USD Senior Notes are determined based on the price quoted on the HKSE on 30 June 2018.

(b) 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. 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.

As mentioned in note 2.1, the 2019 Senior Notes became immediately repayable and classified as current liabilities as at 30 June 2019 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. As at the date of approval of the interim condensed financial information, the Debt Restructuring was in progress.

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Carrying amount at 1 January/ fair value at date of issuance	**1,784,429**	1,677,498
Effective interest recognised for the Period	**70,080**	73,380
Interest payable during the Period	**(70,080)**	(67,243)
Exchange realignment	**2,991**	24,125
Carrying amount at 30 June	**1,787,420**	1,707,760
Fair value of the 2019 Senior Notes*	**N/A**	1,391,736

* The fair values of the 2019 Senior Notes were determined based on the price quoted on the HKSE on 30 June 2018.

12. SHARE CAPITAL

Shares

	30 June	31 December
	2019	2018
	US$'000	*US$'000*
	(unaudited)	
Authorised:		
1,200,000,000 ordinary shares of US$0.01 each	**12,000**	12,000
Issued and fully paid:		
834,073,195 (31 December 2017: 834,073,195) ordinary shares 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 Period.

13. 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 30 June 2019, based on the opinion of internal and external legal counsels, the Group has made provisions for compensation of RMB81,432,000 for the period ended 30 June 2019 (31 December 2018: RMB81,289,000). The contingencies will not have material impact on financial position and operations of the Group.

14. OPERATING LEASE ARRANGEMENTS

As lessor

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

At 30 June 2019, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2019 *RMB'000* *(unaudited)*	31 December 2018 *RMB'000*
Within one year	**1,178**	2,019
In the second to fifth years, inclusive	**–**	400
	1,178	2,419

15. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2019 *RMB'000* *(unaudited)*	31 December 2018 *RMB'000*
Contracted, but not provided for:		
Construction of buildings and solar photovoltaic power stations	**125,378**	134,257
Purchase of office property	**12,792**	12,792
Purchase of machinery	**–**	1,045
Purchase of patent	**14,400**	14,400
Capital contributions to be injected into associates	**12,000**	12,000
	164,570	174,494

16. EVENTS AFTER THE REPORTING PERIOD

(1) 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.

(2) Winding up petition

On 8 August 2019, the Company received a winding up petition filed by a bank with the Hong Kong High Court against the Company. A hearing was held on 2 October 2019 at the Hong Kong High Court, an order was made by the High Court to adjourn the hearing for the Petition against the Company 16 October 2019.

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

In the first half of year 2019, our curtain wall and green building construction business dropped by RMB399.0 million or 50.7% as compared to RMB786.6 million in the same period of year 2018. The Group's business both inside or outside Mainland China had significantly been affected after the Default.

Solar EPC business

Due to the tightening of the lending environment inside Mainland China, and also because of the Default, the Group's ability in getting new financing had been impacted significantly. Since the initial working capital requirement for Solar EPC is high, majority of the Group's Solar EPC projects has been suspended or delayed. Therefore, our solar EPC revenue dropped by RMB1,302.1 million or 72.3%.

Development of renewable energy goods

Apart from Solar EPC, we also produce different kind 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.

Self-develop solar projects

At 30 June 2019, the Group had around 427.9 MW of grid connected solar projects and 42.4 MW projects awaiting for grid connection.

BUSINESS AND FINANCIAL REVIEW

Revenue

The following table set out the breakdown of revenue:

	For the six months ended 30 June	
	2019	2018
	RMB million	*RMB million*
	(unaudited)	*(unaudited)*
Curtain wall and green building		
– Public work	**59.6**	189.4
– Commercial and industrial buildings	**216.1**	392.5
– High-end residential buildings	**111.9**	204.7
	387.6	786.6
Solar EPC		
– Public work	**367.9**	865.7
– Commercial and industrial buildings	**130.5**	934.8
	498.4	1,800.5
Construction contracts total	**886.0**	2,587.1
Sale of goods		
– conventional materials	**98.4**	74.3
– renewable energy goods	**38.5**	224.3
– new materials	**64.0**	60.5
	200.9	359.1
Rendering of design and other services	**5.1**	4.2
Rendering of operation and maintenance service	**–**	10.1
Sale of electricity, including tariff adjustment	**136.6**	145.9
	1,228.6	3,106.4
Tariff adjustment	**(80.2)**	(86.6)
Revenue	**1,148.4**	3,019.8

Gross profit/(loss) and gross profit/(loss) margin	For the six months ended 30 June 2019 RMB million (unaudited)	%	2018 RMB million (unaudited)	%
Construction contracts				
– Curtain wall and green building	**(22.1)**	**(5.7)**	97.8	12.4
– Solar EPC	**(70.7)**	**(14.2)**	546.4	30.3
	(92.8)	**(10.5)**	644.2	24.9
Sale of goods				
– conventional materials	**20.0**	**20.3**	22.0	29.6
– renewable energy goods	**(7.3)**	**(19.0)**	27.7	12.3
– new materials	**23.6**	**36.9**	26.0	43.0
	36.3	**18.1**	75.7	21.1
Rendering of design and other services	**2.4**	**46.1**	3.4	81.0
Rendering of operation and maintenance services	**–**	**–**	1.5	14.9
Sale of electricity, including tariff adjustment	**73.2**	**53.6**	98.7	67.6
Total gross profit and gross profit margin, including tariff adjustment	**19.1**	**1.6**	823.5	26.5

The Group's revenue and tariff adjustment decreased by RMB1,877.8 million or 60.4%, from RMB3,106.4 million in first half 2018 to RMB1,228.6 million in first half 2019. Gross profit (including tariff adjustment) decreased by RMB804.4 million or 97.7%, from RMB823.5 million in first half 2018 to RMB19.1 million in first half 2019.

1) Curtain wall and green building

Revenue from curtain wall and green building business in first half 2019 amounted to approximately RMB387.6 million, representing a decrease of RMB399.0 million or 50.7% compared with first half 2018. The drop was mainly because of the decrease in onshore and offshore curtain wall EPC business due to the lack of liquidity resources after the Defaults. While gross profit of 12.4% was recorded in first half 2018, gross loss of 5.7% was recorded in first half 2019.

In 2019, because of the Defaults, the Group lack of liquid cash to finance the material procurement costs as well as labour cost for its curtain wall projects, as a results, the Group sometime failed to meet the original scheduled construction deadline, in order to maintain customer relationship, we had to accept unfavorable contract prices, at the same time, extra costs were usually be incurred because of the increase in project execution time.

2) Solar EPC

Revenue from solar EPC amounted to RMB498.4 million, representing a decrease of RMB1,302.1 million or 72.3% from RMB1,800.5 million in first half 2018. Since 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 liquidity position of the Group had significantly be affected and hence the Group's ability to continue its existing projects in a normal way and obtaining new projects also been deteriorated. Majority of the Group's solar EPC projects cannot be delivered in accordance with the original schedule and the Group had to re-negotiate with various customers to adjust the unit price of its EPC projects, gross margin in vast majority of the Group's projects were therefore negatively affected.

3) Sale of goods

(i) Sale of conventional materials accounted to RMB98.4 million, increased by RMB24.1 million or 32.4% compared to first half 2018, it was mainly because of increase in material sale in some oversea areas, gross profit margin went down to 20.3%.

(ii) Sale of renewable energy goods recorded a decrease of RMB185.8 million or 82.8%, gross loss margin of 19.0% was recorded during the period.

(ii) 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 in first half of 2019 increased by RMB3.5 million or 5.8% while gross profit margin decreased to 36.9% (first half of 2018: 43.0%).

The following table sets out the Group's self-invested solar power stations as at 30 June 2019.

Location	Completed On-grid MW	Completed Pending grid connection MW	In-progress MW	Total MW
Guangdong province	**178.6**	**13.9**	**67.5**	**260.0**
North-west China	**113.0**	**28.5**	**–**	**141.5**
Golden Sun/ Distributed Power	**134.3**	**–**	**–**	**134.3**
Overseas	**2.0**	**–**	**–**	**2.0**
	427.9	**42.4**	**67.5**	**537.8**

The Group's accumulated on-grid capacity was 537.8 megawatts ("MW") at 31 December 2018 and 30 June 2019, 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 RMB136.6 million in first half 2019 (RMB145.9 million in first half 2018).

Revenue contribution from different business sectors:

Revenue split (including tariff adjustment)

	For the six months ended 30 June			
	2019		2018	
	RMB million	*%*	*RMB million*	*%*
Conventional business[1]	**491.1**	**40.0**	865.1	27.9
Renewable energy business[2]	**673.5**	**54.8**	2,180.8	70.2
New materials	**64.0**	**5.2**	60.5	1.9
	1,228.6	**100.0**	3,106.4	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 in current period mainly represented government grants, exchange gains and deferred income released to the profit and loss.

Selling and distribution expenses

Selling and distribution expenses decreased slightly by RMB1.2 million or 2.0%.

Administrative expenses

Administrative expenses dropped by RMB37.8 million or 21.1% mainly because of the drop in wages and salaries, and other general operating expenses of the Group.

Finance costs

The Group's finance costs decreased by RMB15.8 million or 7.4%, the breakdown of the finance costs is as follows:

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Interest on bank and other loans	**87,152**	87,707
Interest on discounted bills receivable	**552**	9,053
Interest on convertible bonds	**2,380**	6,669
Interest on lease liabilities	**255**	–
Interest on senior notes	**106,696**	116,422
Other	**75**	343
Total interest expense	**197,110**	220,194
Less: interest capitalised	**–**	(7,298)
	197,110	212,896

Income tax expense

Income tax expense during the Period included RMB4.2 million of taxation charge and RMB0.1 million of deferred tax credit. For the period ended 30 June 2018, it included RMB98.6 million of taxation charge and RMB8.3 million of deferred tax charge.

The taxation charges represented the income tax provision for subsidiaries in 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 periods.

Current ratio

A net current liabilities of RMB1,288.3 million was noted at 30 June 2019 (31 Dec 2018: RMB888.4 million), 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

	30 June 2019 *(unaudited)*	31 December 2018
Turnover days	**Days**	Days
Trade receivables	**541**	288
Trade and bills payables	**135**	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 six months ended 30 June 2019 and multiplied by the number of days during the period. Trade receivables turnover days at 30 June 2019 was 541 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 30 June 2019 was 135 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 October 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.

On 14 August 2019, the Company announced that holders holding approximately 98.39% of the aggregate outstanding principal amount of the Offshore Notes had acceded to the RSA.

Capital Expenditures

Capital expenditures of the Group amounted to RMB20.0 million for the Period (six months ended 30 June 2018: RMB190.4 million) and were mainly for the alteration works of the existing self-invested solar farms.

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% for term loans in Hong Kong. Interest rates for domestic loans inside Mainland China were ranging from 4.35% to 7.2% and for other domestic loans were ranging from 4.75% to 24.0%.

Dividend

The Directors of the Company do not recommend any payment of interim dividend (six months ended 30 June 2018: nil).

HUMAN RESOURCES

As at 30 June 2019, the Group had about 1,550 employees. Employee salary and other benefit expenses decreased to approximately RMB86.0 million in the first half year of 2019 from approximately RMB143.1 million in the first half of 2018, which represented a decrease of 39.9%. The drop was because of the drop in bonus and average wages, as well as the drop in average number of employee. The Group's remuneration policies are formulated on the performance of individual employees, which will be reviewed regularly every year. Apart from the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes for Hong Kong employees) or the state-managed retirement pension scheme (for Mainland China employees) and medical insurance, discretionary bonus are also awarded to employees according to the assessment of individual performance.

CORPORATE GOVERNANCE

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

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

Model Code for Directors' Securities Transactions

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

Audit Committee

The Company established the Audit Committee in compliance with Rules 3.21 to 3.23 of the Listing Rules and paragraph C.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, and Mr. Yick Wing Fat, Simon is the Chairman of the Audit Committee. The Audit Committee has reviewed the Group's interim results announcement for the Period.

Purchase, sale and redemption of Company's listed securities

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the Period.

Publication of Results Announcement

This interim results announcement is available for viewing on the websites of The Stock Exchange of Hong Kong Limited at http://www.hkexnews.hk and the Company's website at http://www.singyessolar.com and the 2019 interim report of the Company containing all the information required under the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

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 2 September 2019 because of the delay in publication of the 2019 interim results announcement. As the interim results announcement has been published, 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 11 October 2019.

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

Hong Kong, 10 October 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 nonexecutive Directors are Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei.