China Shuifa Singyes Energy Holdings Limited
中國水發興業能源集團有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 750)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board of directors (the "Directors", collectively referred to as the "Board") of China Shuifa Singyes Energy 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 2020 (the "Period").

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Revenue	**1,979,730**	1,148,380
Profit/(loss) before tax	**226,956**	(460,927)
Income tax expense	**8,076**	4,069
Profits/(loss) attributable to owners of the Company	**217,580**	(468,024)
Earnings/(loss) per share attributable to ordinary equity holders of the Company – Basic and diluted	**RMB0.086**	RMB(0.561)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	*(unaudited)*
Revenue	*3*	**1,979,730**	1,148,380
Cost of sales		**(1,737,506)**	(1,209,524)
Gross profit/(loss)		**242,224**	(61,144)
Tariff adjustment	*3*	**98,172**	80,232
Other income and gains	*4*	**278,226**	25,044
Selling and distribution expenses		**(37,558)**	(61,499)
Administrative expenses		**(144,711)**	(141,260)
Reversal of/(provision for) impairment losses on financial and contract assets, net		**28,240**	(99,647)
Other expenses		**(40,647)**	(6,723)
Finance costs		**(184,220)**	(197,110)
Share of profits/(losses) of associates		**(12,770)**	1,180
Profit/(loss) before tax	*5*	**226,956**	(460,927)
Income tax expense	*6*	**(8,076)**	(4,069)
Profit/(loss) for the period		**218,880**	(464,996)
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		**(563)**	–
Exchange differences on translation of financial statements		**(25,472)**	(12,051)
Other comprehensive loss for the period		**(26,035)**	(12,051)
Total comprehensive income/(loss) for the period		**192,845**	(477,047)

		For the six months ended 30 June	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	*(unaudited)*
Profit/(loss) attributable to:			
Owners of the Company		**217,580**	(468,024)
Non-controlling interests		**1,300**	3,028
		218,880	(464,996)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**191,053**	(480,133)
Non-controlling interests		**1,792**	3,086
		192,845	(477,047)
Earnings/(loss) per share attributable to ordinary equity holders of the Company			
– Basic and diluted	*7*	**RMB0.086**	RMB(0.561)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2020** ***RMB'000*** ***(unaudited)***	31 December 2019 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**4,074,985**	4,122,090
Investment properties		**316,825**	293,247
Right-of-use assets		**204,522**	209,088
Other intangible assets		**1,127**	1,605
Payments in advance		**4,089**	17,684
Investments in associates		**1,823**	17,825
Deferred tax assets		**5,099**	3,195
Equity investments designated at fair value through other comprehensive income		**10,970**	11,414
Goodwill		**10,434**	6,448
Total non-current assets		**4,629,874**	4,682,596
CURRENT ASSETS			
Inventories		**74,969**	171,799
Contract assets		**2,428,683**	2,007,873
Trade and bills receivables	*9*	**3,225,600**	3,136,464
Prepayments, deposits and other receivables	*9*	**836,474**	815,826
Financial assets at fair value through profit or loss		**–**	5,000
Pledged deposits		**38,064**	54,867
Cash and cash equivalents		**604,201**	1,082,835
Total current assets		**7,207,991**	7,274,664
CURRENT LIABILITIES			
Trade and bills payables	*10*	**1,372,784**	1,438,054
Other payables and accruals	*11*	**1,419,306**	384,425
Contract liabilities		**75,984**	58,307
Bank advances for discounted bills		**–**	38,889
Interest-bearing bank and other loans		**1,173,956**	1,374,689
Tax payable		**12,652**	22,245
Lease liabilities		**2,315**	955
Provision		**2,471**	–
Total current liabilities		**4,059,468**	3,317,564
NET CURRENT ASSETS		**3,148,523**	3,957,100
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,778,397**	8,639,696

	Notes	**30 June 2020** **RMB'000** **(unaudited)**	31 December 2019 RMB'000
NON-CURRENT LIABILITIES			
Senior notes	*12*	**1,611,092**	2,815,135
Interest-bearing bank and other loans		**1,703,122**	1,537,620
Deferred tax liabilities		**86,860**	86,860
Lease liabilities		**5,971**	7,502
Deferred income		**148,720**	155,843
Total non-current liabilities		**3,555,765**	4,602,960
Net assets		**4,222,632**	4,036,736
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*13*	**174,333**	174,333
Reserves		**3,944,310**	3,754,333
		4,118,643	3,928,666
Non-controlling interests		**103,989**	108,070
Total equity		**4,222,632**	4,036,736

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. CORPORATE AND GROUP INFORMATION

China Shuifa Singyes Energy 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 2020 (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, wind farm construction 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 of the Company (the "Directors"), the holding company, the intermediate holding company and the ultimate holding company of the Company are Water Development (HK) Holding Co., Ltd., which is incorporated in Hong Kong, Shuifa Energy Group Limited (水發能源集團有限公司, "Shuifa Energy") and Shuifa Group Co., Ltd. (水發集團有限公司, "Shuifa Group"), which are incorporated in the People's Republic of China (the "PRC"), respectively.

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 2019.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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 2019, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

(c) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of Coronavirus Disease 2019 ("Covid-19") pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

    During the period ended 30 June 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced by the lessors as a result of the Covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the Covid-19 pandemic during the period ended 30 June 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB52,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities for the period ended 30 June 2020.

(d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed financial information.

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 products 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), construction of wind farms 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

	For the six months ended 30 June			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
	(unaudited)		*(unaudited)*	
Revenue from contracts with customers				
Construction contracts	**1,626,584**	**82.2**	886,027	77.2
Sale of products	**286,340**	**14.5**	200,843	17.5
Sale of electricity	**62,816**	**3.1**	56,353	4.9
Rendering of design and consultation services	**3,990**	**0.2**	5,157	0.4
Revenue	**1,979,730**	**100.0**	1,148,380	100.0
Tariff adjustment*	**98,172**		80,232	

* Tariff adjustment represents subsidies receivable from the State Grid Corporation of China ("State Grid") in respect of the Group's solar photovoltaic power station operation business, which will be settled subsequent to State Grid's receipt of fund from the relevant government authorities.

Geographical markets

	For the six months ended 30 June			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
	(unaudited)		*(unaudited)*	
Domestic – Mainland China*	**1,910,653**	**96.5**	1,043,781	90.8
Oceania	**58,182**	**2.9**	88,036	7.7
Malaysia	**8,624**	**0.5**	6,372	0.6
Macau	**1,642**	**0.1**	1,831	0.2
Hong Kong	**629**	**–**	8,360	0.7
	1,979,730	**100.0**	1,148,380	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	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Timing of revenue recognition		
Products transferred at a point in time	**349,156**	257,196
Services transferred over time	**1,630,574**	891,184
Total revenue from contracts with customers	**1,979,730**	1,148,380

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 2020
	RMB'000
	(unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Construction contracts	**31,652**
Sale of products	**13,728**
	45,380

(ii) Performance obligations

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

Sale of products

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 180 days from delivery, except for small and new customers, where payment is normally expected to be settled shortly after delivery of products. 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 2020, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts was approximately RMB1,488,138,000 (31 December 2019: RMB1,297,045,000). This amount represents revenue expected to be recognised in the future from construction services and the sale of products 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 products are completed, which is expected to occur within 2 years.

(b) Non-current assets

	30 June 2020		31 December 2019	
	RMB'000	*%*	*RMB'000*	*%*
	(unaudited)			
Mainland China	**4,581,472**	**99.4**	4,618,964	99.3
Hong Kong	**15,466**	**0.3**	15,813	0.3
Oceania	**15,002**	**0.3**	15,243	0.3
Others	**42**	**–**	142	0.1
	4,611,982	**100.0**	4,650,162	100.0

The non-current asset information above is based on the locations of the assets and excludes investments in associates, deferred tax assets and 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	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Customer A	*	115,025
Customer B	*	253,290
Customer C	**437,544**	*

* Less than 10%

4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Gain on repurchase of senior notes	**210,180**	–
Gain on cancellation of senior notes	**1,686**	–
Gain on disposal of associates	**31,768**	–
Remission of interest on an other loan	**13,087**	–
Deferred income released to profit or loss over the expected useful lives of the related assets	**7,439**	5,133
Government grants*	**4,812**	8,153
Operating lease rental income	**4,775**	1,098
Foreign exchange gains, net	**–**	6,979
Fair value gains on financial assets at fair value through profit or loss	**–**	342
Bank interest income	**950**	514
Others	**3,529**	2,825
	278,226	25,044

* There were no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Cost of construction contracts and design services	**1,402,087**	981,611
Cost of inventories sold	**265,685**	164,514
Cost of electricity sold	**69,734**	63,399
	1,737,506	1,209,524
Depreciation of property, plant and equipment	**93,992**	94,349
Depreciation of investment properties	**3,726**	795
Depreciation of right-of-use assets	**4,211**	5,367
Amortisation of intangible assets	**479**	501
Total depreciation and amortisation	**102,408**	101,012
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries and relevant benefits	**66,419**	80,224
Pension scheme contributions	**1,508**	2,505
Equity-settled share option expense/(reversal)	**(59)**	3,312
	67,868	86,041
Minimum lease payments under operating leases	**–**	2,882
Lease payments not included in the measurement of lease liabilities	**1,895**	–
Research costs	**16,899**	6,614
Auditors' remuneration	**2,380**	2,100
Provision for/(reversal of) impairment loss on financial and contract assets, net	**(28,240)**	99,647
Loss on disposal of items of property, plant and equipment	**181**	–
Gain on disposal of associates	**(31,768)**	–
Gain on financial assets at fair value through profit or loss	**–**	(342)
Operating lease rental income	**(4,775)**	(1,098)
Exchange losses/(gains), net	**25,605**	(6,979)

6. 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 PRC for the Period.

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

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Current – Charge for the Period		
– Mainland China	**7,973**	4,210
Deferred	**103**	(141)
Total tax charge for the Period	**8,076**	4,069

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

The calculation of the basic earnings (six months ended 30 June 2019: loss) per share amount is based on the profit (six months ended 30 June 2019: loss) for the Period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,521,081,780 (six months ended 30 June 2019: 834,073,195) in issue during the Period.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the Period and the six months ended 30 June 2019 in respect of a dilution as the exercise prices of the Company's outstanding share options were higher than the average market prices for the Company's shares during the Period and the six months ended 30 June 2019.

8. DIVIDENDS

No interim dividend was proposed by the Directors in respect of the Period (six months ended 30 June 2019: Nil).

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

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	(unaudited)	
Trade and bills receivables		
Trade receivables	**3,607,544**	3,706,413
Bills receivables	**162,652**	32,349
Less: impairment	**(544,596)**	(602,298)
	3,225,600	3,136,464

The Group's trade receivables include net carrying amounts due from the Group's associates of RMB422,000 (31 December 2019: RMB36,391,000), 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 RMB2,150,617,000 (31 December 2019: RMB2,169,056,000) to secure bank and other loans granted to the Group.

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

Sale of products

For the sale of products, 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 products. 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. Generally, trade receivables are usually settled within one month from the date of billing.

Construction services

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 loss allowance, is as follows:

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	(unaudited)	
Within 3 months	**733,609**	955,555
3 to 6 months	**180,236**	450,123
6 to 12 months	**1,084,376**	243,007
1 to 2 years	**560,793**	817,528
2 to 3 years	**628,439**	622,769
Over 3 years	**38,147**	47,482
	3,225,600	3,136,464

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	(unaudited)	
Prepayments, deposits and other receivables		
Prepayments to subcontractors and suppliers	**80,175**	113,504
Deposits	**108,179**	47,491
Tariff adjustment receivables*	**455,188**	335,830
Amounts due from related parties	**1,900**	–
Other receivables	**237,510**	346,341
	872,952	843,166
Less: impairment	**(36,478)**	(27,340)
	836,474	815,826

* 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 solar photovoltaic power stations to be received from the State Grid based on the prevailing government policies.

The Group has pledged tariff adjustment receivables of approximately RMB419,504,000 (31 December 2019: RMB322,290,000) to secure bank loans granted to the Group.

10. 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 2020 *RMB'000* *(unaudited)*	31 December 2019 *RMB'000*
Within 3 months	**721,204**	715,387
3 to 6 months	**186,842**	292,124
6 to 12 months	**331,495**	228,644
1 to 2 years	**68,833**	147,537
2 to 3 years	**42,424**	32,708
Over 3 years	**21,986**	21,654
	1,372,784	1,438,054

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

As at 30 June 2020, the Group's bills payable were secured by the pledged deposits amounting to RMB14,787,000 (31 December 2019: RMB11,811,000).

11. OTHER PAYABLES AND ACCRUALS

	30 June 2020 *RMB'000* *(unaudited)*	31 December 2019 *RMB'000*
Tax and surcharge payables	**252,818**	166,769
Advances	**3,063**	–
Accrued expenses	**14,283**	31,523
Interest payables	**10,304**	38,680
Amounts due to related parties	**998,769**	10,000
Other payables	**140,069**	137,453
	1,419,306	384,425

Amounts due to related parties represented interest-free loans of RMB993,769,000 granted by Shuifa International Holdings (BVI) Co., Ltd ("Shuifa BVI"), a fellow subsidiary of the Company, which is repayable on 31 August 2020, and RMB5,000,000 granted by Shuifa Energy, which is repayable on demand.

Except for the amount due to Shuifa BVI, other payables and accruals are unsecured, non-interest-bearing and have no fixed terms of repayment.

The Group's other payables and accruals included net carrying amounts of RMB1,500,000 (31 December 2019: nil) received from the Group's associates.

12. SENIOR NOTES

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	(unaudited)	
2022 Senior Notes	**1,611,092**	2,815,135

On 19 December 2019, the Company issued guaranteed senior notes with an aggregate nominal value of US$414,932,000 (equivalent to approximately RMB2,905,559,000), initially offered to eligible Scheme Creditors and the Holding Period Trustee (as defined in the Announcement dated 19 December 2019), and will mature on 19 December 2022 (the "2022 Senior Notes"). Particulars of the major terms and conditions of the 2022 Senior Notes have been disclosed in the audited financial statements for the year ended 31 December 2019. The net proceeds of the 2022 Senior Notes, after deducting the issuance costs, amounted to approximately RMB2,822,422,000. The 2022 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"), and have been listed on the Singapore Exchange Securities Trading Limited (the "SGX").

As the estimated fair value of the early redemption right is insignificant at initial recognition, the embedded derivative is not separately accounted for. The effective interest rate is approximately 7.23% per annum after the adjustment for transaction costs.

The 2022 Senior Notes recognised in the condensed consolidated statement of financial position as at 30 June 2020 are calculated as follows:

	RMB'000
	(unaudited)
Carrying amount at 1 January 2020	2,815,135
Effective interest recognised for the Period	92,398
Interest payable during the Period	(26,924)
Repurchase of senior notes*	(1,309,363)
Acceleration of unwinding interest	9,657
Cancellation of senior notes	(1,686)
Exchange realignment	31,875
Carrying amount at 30 June 2020	1,611,092
Fair value of the 2022 Senior Notes**	1,406,382

* The Company repurchased the 2022 Senior Notes with an aggregate nominal value of US$186,444,000 during the Period. Particulars of the Company's repurchase of the 2022 Senior Notes have been set out in the Company's announcements dated 8 June 2020, 16 June 2020 and 17 June 2020. A net gain of RMB200,523,000, which can be further analysed as a gross gain of RMB210,180,000 after netting a loss on acceleration of unwinding interest of RMB9,657,000, was recognised for the repurchase of the 2022 Senior Notes.

** The fair value of the 2022 Senior Notes was determined based on the price quoted on the SGX on 30 June 2020.

13. SHARE CAPITAL

Shares

	30 June 2020 *US$'000* ***(unaudited)***	31 December 2019 *US$'000*
Authorised:		
3,200,000,000 (31 December 2019: 2,600,000,000) ordinary shares of US$0.01 each	**32,000**	26,000
Issued and fully paid:		
2,521,081,780 (31 December 2019: 2,521,081,780) ordinary shares of US$0.01 each	**25,211**	25,211
Equivalent to RMB'000	**174,333**	174,333

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

14. CONTINGENT LIABILITIES

As at 30 June 2020 and 31 December 2019, China Singyes Singyes New Materials Holdings Limited ("Singyes New Materials") was involved in a product quality dispute arising from the ordinary course of business where a customer initiated a proceeding against Singyes New Materials to claim a compensation relating to a product quality dispute. As a result of this lawsuit, cash at a bank of Singyes New Materials amounting to RMB10,000,000 (31 December 2019: RMB12,518,000) has been set aside and sealed by a court in the PRC. The Directors, based on the advice from the Group's legal counsel, believe that Singyes New Materials has a valid defense against the lawsuit and, accordingly, have not provided for any loss arising from the litigation, other than the related legal costs.

15. COMMITMENTS

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

	30 June 2020 ***RMB'000*** ***(unaudited)***	31 December 2019 *RMB'000*
Contracted, but not provided for:		
Construction of buildings and solar photovoltaic power stations	**106,591**	127,403
Purchase of machinery	**1,700**	9,120
Capital contributions to be injected into associates	**26,500**	63,100
	134,791	199,623

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. Apart from the above, we also provide engineering design services and engage in the sale of curtain wall materials. 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 products. In 2020, the Group further diversified its business into Wind Power EPC and the sale of liquefied natural gas, gasoline and diesel, the Group recognised approximately RMB634.6 million and RMB156.8 million, respectively. 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 2020, our curtain wall and green building construction business increased by RMB123.5 million or 31.9% as compared to RMB387.6 million in the same period of year 2019.

Despite the widely spread of COVID-19 inside Mainland China which brought negative impact to the Group's curtain wall business in first quarter 2020, a significant rebound is noted in second quarter after the resume of business activities inside Mainland China. In addition, because of the improvement in liquidity and creditability of the Group after the debt restructuring in November 2019, the Group's revenue in curtain wall and green building business recorded a substantial improvement and the period to period growth was about 31.9%.

Solar EPC business

Solar EPC business dropped slightly from RMB498.4 million in first half 2019 to RMB480.9 million in first half 2020, representing a decrease of RMB17.5 million or 3.5%. The drop was mainly because of the impact of COVID-19, most of the Group's projects were temporary suspended in first quarter 2020. Since the Group's solar EPC projects were resumed gradually in second quarter, and progress of the existing projects on hand are smooth, the Group is still optimistic about its over Solar EPC business in full year 2020.

Wind Power EPC

In 2020, the Group involved in the EPC work on a number of Wind Power EPC projects, revenue in first half 2020 was approximately RMB634.6 million.

Development of renewable energy products

Apart from Solar EPC, we also produce different kind of renewable energy products. Renewable energy products include solar photovoltaic materials and solar thermal products. Solar thermal products include air-source heat pump, solar heat collectors and solar heating system.

In second quarter 2020, the Group started a new business line – sale of liquefied natural gas, gasoline and diesel. Total sale in second quarter 2020 was approximately RMB156.8 million which accounted for approximately 7.9% of the Group's revenue in first half 2020.

The Group will further diversify its business in other renewable energy area. As announced by the Company on 28 May 2020, the completion of the transaction is still subject to certain necessary procedures as required under the Listing Rules and the approval by the independent shareholders.

Self-develop solar projects

At 30 June 2020, the Group had around 435.7 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	
	2020	2019
	RMB million	*RMB million*
	(unaudited)	*(unaudited)*
Curtain wall and green building		
– Public work	**71.9**	59.6
– Commercial and industrial	**283.3**	216.1
– High-end residential	**155.9**	111.9
	511.1	387.6
Solar EPC		
– Public work	**29.5**	367.9
– Commercial and industrial	**451.4**	130.5
	480.9	498.4
Wind Power EPC		
– Commercial and industrial	**634.6**	–
Construction contracts total	**1,626.6**	886.0
Sale of products		
– conventional materials	**68.0**	98.4
– renewable energy products	**16.2**	38.5
– new materials	**45.3**	64.0
– liquefied natural gas, gasoline and diesel	**156.8**	–
	286.3	200.9
Rendering of design and other services	**4.0**	5.1
Sale of electricity, including tariff adjustment	**161.0**	136.6
	2,077.9	1,228.6
Tariff adjustment	**(98.2)**	(80.2)
Revenue	**1,979.7**	1,148.4

Gross profit/(loss) and gross profit/ (loss) margin	For the six months ended 30 June **2020** *RMB million* ***(unaudited)***	*%*	2019 *RMB million* *(unaudited)*	*%*
Construction contracts				
– Curtain wall and green building	**58.8**	**11.5**	(22.1)	(5.7)
– Solar EPC	**47.9**	**10.0**	(70.7)	(14.2)
– Wind Power EPC	**119.3**	**18.8**	N/A	N/A
	226.0	**13.9**	(92.8)	(10.5)
Sale of products				
– conventional materials	**7.1**	**10.5**	20.0	20.3
– renewable energy products	**0.3**	**2.1**	(7.3)	(19.0)
– new materials	**11.7**	**25.7**	23.6	36.9
– liquefied natural gas, gasoline and diesel	**1.5**	**1.0**	N/A	N/A
	20.6	**7.2**	36.3	18.1
Rendering of design and other services	**2.5**	**62.2**	2.4	46.1
Sale of electricity, including tariff adjustment	**91.3**	**56.7**	73.2	53.6
Total gross profit and gross profit margin, including tariff adjustment	**340.4**	**16.4**	19.1	1.6

The Group's revenue and tariff adjustment increased by RMB849.3 million or 69.1%, from RMB1,228.6 million in first half 2019 to RMB2,077.9 million in first half 2020. Gross profit (including tariff adjustment) significantly increased by RMB321.3 million or 16.8 times, from RMB19.1 million in first half 2019 to RMB340.4 million in first half 2020.

1) Curtain wall and green building

Revenue from curtain wall and green building business in first half 2020 amounted to approximately RMB511.1 million, representing an increase of RMB123.5 million or 31.9% compared with first half 2019. The increase was mainly because of the improvement of onshore business.

After the completion of debt restructuring in November 2019, the business of the Group has gradually been recovered, although the progress of certain of the Group's projects were affected by the spread of COVID-19.

2) Solar EPC

Revenue from Solar EPC dropped slightly from RMB498.4 million to RMB480.9 million, representing a decrease of RMB17.5 million or 3.5%. Similar to curtain wall and green building EPC, the progress of Solar EPC was also impacted by the spread of COVID-19 but the progress of Solar EPC has yet been picked up, especially on public project area. However, in view of the number of new contracts on hand and the progress of existing Solar EPC projects, the Group is still optimistic on its Solar EPC business in second half 2020.

3) Wind Power EPC

The Group started to involve into Wind Power EPC business in first half 2020, revenue during the period amounted to RMB634.6 million. The Group's Wind Power EPC revenue in first half 2020 came from two sizable projects in middle part of China, these two projects are still on-going and the Group also expects new sizable projects can be secured in second half this year. The gross profit margin of Wind Power EPC was about 18.8%.

4) Sale of products

(i) Sale of conventional materials accounted to RMB68.0 million, decreased by RMB30.4 million or 30.9% compared to first half 2019, it was mainly because of drop in material sale in oversea areas, gross profit margin went down to 10.5%.

(ii) Sale of renewable energy products recorded a decrease of RMB22.3 million or 57.9%, gross profit margin of 2.1% was recorded during the period.

(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. Due to the spread of COVID-19, the Group's ITO business were also being negatively impacted, revenue dropped by RMB18.7 million or 29.2%, gross profit margin in first half 2020 was 25.7% (first half 2019: 36.9%). The decrease was because of (i) the change in sales mix, of which the proportion of revenue from sales of ITO film (being less profitable than Smart Light-adjusting products) relative to total revenue has increased; and (ii) the higher pre-unit fixed costs charged to cost of sales as a result of the decrease in production volume in the first quarter of 2020. Starting from April 2020, the production capacity has gradually resumed normal and the gross profit margin of each product lines has almost reached the pre-outbreak level.

(iv) During the period, the Group started the sale of liquefied natural gas, gasoline and diesel to commercial customers, since the business segment is relatively new to the Group, and gross profit margin was around 1%. The Group will further diversify its business, as announced by the Company on 28 May 2020, subject to the completion of certain necessary steps under the Listing Rules and the approval by the independent shareholders, the Group will acquire another company in renewable energy area from its controlling shareholder.

The following table sets out the Group's self-invested solar power stations as at 30 June 2020.

Location	**Completed**			
	On-grid	**Pending grid connection**	**In-progress**	**Total**
	MW	**MW**	**MW**	**MW**
Guangdong province	**182.7**	**13.9**	**67.5**	**264.1**
North-west China	**113.0**	**28.5**	**–**	**141.5**
Golden Sun/ Distributed Power	**138.0**	**–**	**–**	**138.0**
Overseas	**2.0**	**–**	**–**	**2.0**
	435.7	**42.4**	**67.5**	**545.6**

The Group's accumulated on-grid capacity increased from 541.5 megawatts ("MW") at 31 December 2019 to 545.6 MW at 30 June 2020, which comprised of 138.0 MW Golden Sun or distributed power stations, and 401.5 MW ground-mounted solar farms inside Mainland China and a 2.0 MW solar farm overseas. The sale of electricity, including tariff adjustment amounted to RMB161.0 million in first half 2020 (RMB136.6 million in first half 2019).

Revenue contribution from different business sectors:

Revenue split (including tariff adjustment)

	For the six months ended 30 June			
	2020		2019	
	RMB million	*%*	*RMB million*	*%*
	(unaudited)		(unaudited)	
Conventional business[1]	**583.1**	**28.1**	491.1	40.0
Renewable energy business[2]	**1,449.5**	**69.8**	673.5	54.8
New materials	**45.3**	**2.1**	64.0	5.2
	2,077.9	**100.0**	1,228.6	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 and Wind Power EPC construction contracts, sale of renewable energy products, sale of liquefied natural gas, gasoline and diesel and sale of electricity and tariff adjustment.

Other income and gains

Other income and gains in current period mainly represented the gain on repurchase and cancellation of senior notes, gain on disposal of associates, remission of interest on an other loan, government grants and deferred income released to the profit and loss.

Selling and distribution expenses

Selling and distribution expenses decreased by RMB23.9 million or 38.9%. The drop was mainly because of the drop in selling activities COVID-19 was widely spread over China.

Administrative expenses

Administrative expenses slightly increased by RMB3.5 million or 2.4%.

Finance costs

The Group's finance costs decreased by RMB12.9 million or 6.5%, the breakdown of the finance costs is as follows:

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Interest on bank and other loans	**89,216**	87,152
Interest on senior notes	**92,398**	106,696
Acceleration of unwinding interest	**9,657**	–
Interest on discounted bills receivable	**994**	552
Interest on lease liabilities	**341**	255
Interest on convertible bonds	**–**	2,380
Others	**–**	75
Total interest expense	**192,606**	197,110
Less: interest capitalised	**(8,386)**	–
	184,220	197,110

Income tax expense

Income tax expense during the Period included RMB8.0 million of taxation charge and RMB0.1 million of deferred tax charge. For the period ended 30 June 2019, it included RMB4.2 million of taxation charge and RMB0.1 million of deferred tax credit.

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

Upon the completion of debt restructuring in November 2019, the Group's financial status has gradually been improved and its able to maintain the current ratio at a health level. Current ratio as at 30 June 2020 was 1.78 (31 December 2019: 2.19).

Trade receivables/trade and bills payables turnover days

	30 June 2020	31 December 2019
	(unaudited)	
Turnover days	**Days**	Days
Trade receivables	**336**	403
Trade and bills payables	**147**	130

Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables for the Period divided by the revenue during Period and multiplied by the number of days during the Period. Trade receivables turnover days at 30 June 2020 was 336 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 Period divided by the cost of sales during the Period. Trade and bills payables turnover days at 30 June 2020 was 147 days.

Liquidity and financial resources

The Group's primary source of funding included receives from construction contacts, product sale as well as income from electricity sale. As at 30 June 2020, the Group had outstanding bank and other loans of approximately RMB2,877 million and outstanding senior notes of approximately RMB1,611 million.

Apart from that, the Group also got interest-free loans of approximately RMB993.8 million from Shuifa BVI which is repayable on 31 August 2020 and RMB5 million from Shuifa Energy, which is repayable on demand.

Capital Expenditures

Capital expenditures of the Group amounted to RMB59.4 million for the Period (six months ended 30 June 2019: RMB20.0 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 RMB2,877.1 million with effective interest rates ranging from Hong Kong Inter Bank Offered Rate ("HIBOR")+3.3% to HIBOR+4% for property mortgage loan and revolving loans in Hong Kong. Interest rates for domestic loans inside Mainland China were ranging from 4.9% to 7.35% and for other domestic loans were ranging from 6.32% to 24.0%.

Dividend

The Directors of the Company do not recommend any payment of interim dividend (six months ended 30 June 2019: nil).

HUMAN RESOURCES

As at 30 June 2020, the Group had about 1,400 employees. Employee salary and other benefit expenses decreased to approximately RMB67.9 million in the first half year of 2020 from approximately RMB86.0 million in the first half of 2019, which represented a decrease of 21.1%. 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.

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 www.sfsyenergy.com and the 2020 interim report of the Company containing all the information required under the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

By order of the Board
China Shuifa Singyes Energy Holdings Limited
Mr. Zheng Qingtao
Chairman

Hong Kong, 28 August 2020

As at the date of this announcement, the executive Directors are Mr. Zheng Qingtao (Chairman), Mr. Liu Hongwei (Vice Chairman), Mr. Wang Dongwei and Mr. Chen Fushan, the non-executive Directors are Ms. Wang Suhui and Mr. Zhang Jianyuan, and the independent non-executive Directors are Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei.