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 2012

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 2012 (the "Period").

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Revenue	**1,288,807**	997,704
EBITDA*	**194,902**	157,682
Profit before tax	**173,041**	138,410
Income tax expense	**(37,802)**	(29,810)
Profits attributable to owners of the Company	**135,904**	108,879
Gross profit margin	**24.7%**	24.6%
Net profit margin	**10.5%**	10.9%
Earnings per share attributable to ordinary equity holders		
– Basic	**RMB0.215**	RMB0.181
– Diluted	**RMB0.215**	RMB0.180

* *Earnings before interest, tax and depreciation*

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the six months ended 30 June 2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Revenue	3	**1,288,807**	997,704
Cost of sales		**(970,143)**	(752,275)
Gross profit		**318,664**	245,429
Other income and gains		**7,291**	1,916
Selling and distribution costs		**(27,287)**	(20,023)
Administrative expenses		**(90,356)**	(73,418)
Finance costs		**(31,880)**	(13,014)
Other expenses		**(3,391)**	(2,480)
Profit before tax	4	**173,041**	138,410
Income tax expense	5	**(37,802)**	(29,810)
Profit for the period		**135,239**	108,600
Other comprehensive income/(loss) for the period:			
Exchange differences on translation of non-RMB functional currency operations		**(139)**	944
Total comprehensive income for the period		**135,100**	109,544
Profit attributable to:			
Owners of the Company		**135,904**	108,879
Non-controlling interests		**(665)**	(279)
		135,239	108,600
Total comprehensive income attributable to:			
Owners of the Company		**135,765**	109,823
Non-controlling interests		**(665)**	(279)
		135,100	109,544
Earnings per share attributable to ordinary equity holders of the Company			
– Basic	6	**RMB0.215**	RMB0.181
– Diluted	6	**RMB0.215**	RMB0.180

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2012** *RMB'000* ***(unaudited)***	31 December 2011 *RMB'000*
Non-current assets			
Property, plant and equipment		**1,547,153**	1,261,462
Prepaid land lease payments		**93,678**	94,644
Intangible assets		**4,460**	4,565
Deferred tax assets		**17,101**	17,216
Payments in advance		**5,194**	32,512
Available-for-sale equity investment		**29,878**	29,712
Total non-current assets		**1,697,464**	1,440,111
Current assets			
Inventories		**127,817**	63,847
Construction contracts		**40,167**	48,025
Trade and bills receivables	*8*	**988,154**	991,551
Prepayments, deposits and other receivables	*8*	**52,731**	37,152
Income tax recoverable		**5,002**	–
Pledged deposits		**148,681**	53,982
Cash and cash equivalents		**344,697**	315,496
Total current assets		**1,707,249**	1,510,053
Current liabilities			
Trade and bills payables	*9*	**476,310**	298,112
Other payables and accruals		**232,976**	215,299
Due to directors		**13,385**	13,385
Interest-bearing bank loans		**818,266**	569,147
Income tax payable		**–**	77,067
Total current liabilities		**1,540,937**	1,173,010
Net current assets		**166,312**	337,043
Total assets less current liabilities		**1,863,776**	1,777,154
Non-current liabilities			
Interest-bearing bank loans		**49,103**	96,413
Deferred tax liabilities		**47,891**	37,771
Deferred income		**114,006**	114,771
Total non-current liabilities		**211,000**	248,955
Net assets		**1,652,776**	1,528,199
Equity			
Equity attributable to owners of the Company			
Issued capital	*10*	**42,474**	35,841
Reserves		**1,602,412**	1,470,758
Proposed final dividend		**–**	17,045
		1,644,886	1,523,644
Non-controlling interests		**7,890**	4,555
Total equity		**1,652,776**	1,528,199

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2012

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 24 October 2003 as an exempted company with limited liability. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company in Hong Kong is Unit 3108, 31/F, China Merchant Towers, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Group is principally engaged in the design, manufacturing, supply and installation of conventional curtain walls and building integrated photovoltaic ("BIPV") system. The Group also involves in the manufacture and sale of solar power products. The Group's principal operations and market are located in Mainland China. There were no significant changes in the nature of the Group's principal activities during the Period.

The parent and ultimate holding company of the Company is Strong Eagle Holdings Ltd. ("Strong Eagle"), which is incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

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

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2011.

The unaudited interim financial statements for the six months ended 30 June 2012 have been reviewed with no disagreement by the Audit Committee of the Company.

3. SEGMENT INFORMATION AND REVENUE

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue of construction contracts; the value of services rendered, net of business tax and various types of government surcharges; and the invoiced value of goods and electricity sold, net of value-added tax and government surcharges, and after allowances for returns and trade discounts.

The Group's revenue and contribution to profit for the Period were mainly derived from curtain wall (including solar power products) supply and installation services, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for the purpose of resources allocation and performance assessment. In addition, the principal assets employed by the Group are located in Mainland China. Accordingly, no segment analysis is presented other than entity-wide disclosures.

Entity-wide disclosures

Information about products and services

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

	For the six months ended 30 June			
	2012		2011	
	RMB'000	***%***	*RMB'000*	*%*
	(unaudited)		*(unaudited)*	
Construction contracts	**1,001,599**	**77.7**	706,791	70.8
Sale of goods	**284,390**	**22.1**	289,355	29.0
Sale of electricity	**2,019**	**0.1**	788	0.1
Rendering of design services	**799**	**0.1**	770	0.1
	1,288,807	**100.0**	997,704	100.0

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June			
	2012		2011	
	RMB'000	***%***	*RMB'000*	*%*
	(unaudited)		*(unaudited)*	
Mainland China	**1,248,857**	**96.9**	971,448	97.4
Outside Mainland China	**39,950**	**3.1**	26,256	2.6
	1,288,807	**100.0**	997,704	100.0

(b) Non-current assets

	30 June 2012 RMB'000 (unaudited)	%	31 December 2011 RMB'000	%
Mainland China	**1,633,873**	**99.0**	1,376,456	98.8
Hong Kong	**16,612**	**1.0**	16,727	1.2
	1,650,485	**100.0**	1,393,183	100.0

Information about major customers

No revenue from a single external customer accounted for 10% or more of the Group's revenue during the Period.

4. PROFIT BEFORE TAX

	For the six months ended 30 June 2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Cost of construction contracts and design services rendered	**751,429**	542,898
Cost of inventories sold	**216,798**	208,826
Cost of electricity sold	**1,916**	551
Depreciation	**21,861**	6,258
Amortisation of prepaid land lease payments	**966**	345
Amortisation of intangible assets	**370**	70
Minimum lease payments under operating leases	**2,320**	2,834
Research costs	**6,587**	4,139
Auditor's remuneration	**1,271**	1,058
Staff costs (including directors' remuneration)	**70,095**	51,661
Reversal of provision for impairment of trade and other receivables	**–**	(505)
Exchange losses, net	**43**	724

5. INCOME TAX EXPENSE

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

	For the six months ended 30 June 2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
Current-Mainland China		
– Charge for the period	**27,567**	57,073
Deferred	**10,235**	(27,263)
Total tax charged for the period	**37,802**	29,810

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands, the Group is not subject to any income tax in Bermuda and the British Virgin Islands.

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

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

The calculation of the basic earnings per share amount is based on the profit for the Period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 630,759,998 (six months ended 30 June 2011: 600,405,947) in issue during the Period, as adjusted to reflect the bonus share issue during the Period.

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

The calculation of the diluted earnings per share amount for the period ended 30 June 2011 is based on the profit for the period ended 30 June 2011 attributable to ordinary equity holders of the Company. The weighted average number of shares used to calculate the basic earnings per share for the period ended 30 June 2011 includes 105,126,666 bonus shares issued on 15 June 2012, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	For the six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit attributable to ordinary equity holders of the Company for basic and diluted earnings calculations	**135,904**	108,879
Weighted average number of ordinary shares in issue for basic earnings per share calculation	**630,759,998**	600,405,947
Effect of dilution:		
Share options	**–**	4,659,599
Weighted average number of ordinary shares adjusted for the effect of dilution	**630,759,998**	605,065,546

7. DIVIDENDS

The Directors of the Company do not recommend the payment of interim dividend (Six months ended 30 June 2011: nil).

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

Trade and bills receivables

	30 June 2012 *RMB'000* *(unaudited)*	31 December 2011 *RMB'000*
Trade and bills receivables	**990,709**	994,106
Less: impairment	**(2,555)**	(2,555)
	988,154	991,551

At 30 June 2012, trade and bills receivables contained the retention money receivables of RMB170,727,000 (31 December 2011: RMB141,700,000).

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

	30 June 2012 *RMB'000* *(unaudited)*	31 December 2011 *RMB'000*
Within 3 months	**660,232**	658,022
3 to 6 months	**183,374**	210,406
6 to 12 months	**70,624**	62,111
1 to 2 years	**67,227**	59,569
2 to 3 years	**6,184**	380
Over 3 years	**513**	1,063
	988,154	991,551

Prepayments, deposits and other receivables

	30 June 2012 *RMB'000* *(unaudited)*	31 December 2011 *RMB'000*
Prepayment to subcontractors and suppliers	**19,411**	11,147
Deposits	**21,799**	16,620
Other receivables	**11,671**	9,535
Less: Impairment	**(150)**	(150)
	52,731	37,152

9. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at 30 June 2012 and 31 December 2011, based on the invoice date, is as follows:

	30 June 2012 *RMB'000* *(unaudited)*	31 December 2011 *RMB'000*
Within 3 months	**352,009**	270,174
3 to 6 months	**101,228**	11,394
6 to 12 months	**9,783**	4,419
1 to 2 years	**6,211**	5,715
2 to 3 years	**2,325**	1,982
Over 3 years	**4,754**	4,428
	476,310	298,112

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

10. ISSUED CAPITAL

	30 June 2012 *US'000* *(unaudited)*	31 December 2011 *US'000*
Authorized:		
1,200,000,000 ordinary shares of US$0.01 each	**12,000**	12,000
Issued and fully paid:		
630,759,998 (31 December 2011: 525,633,332) ordinary share of US$0.01 each	**6,308**	5,256
Equivalent to RMB'000	**42,474**	35,841

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

	Number of shares in issue	Issued capital *RMB'000*
At 1 January 2012	**525,633,332**	**35,841**
Bonus issue of shares (unaudited) (a)	**105,126,666**	**6,633**
At 30 June 2012 (unaudited)	**630,759,998**	**42,474**

(a) As announced by the Company on 27 April 2012, the Company proposed a bonus issue of 2 shares for each 10 existing ordinary shares held (the "Bonus Issue"). This Bonus Issue was approved by the shareholders of the Company in an annual general meeting held on 25 May 2012. 105,126,666 of ordinary shares of the Company of US$0.01 each were issued on 15 June 2012 by way of capitalisation of the Company's share premium.

11. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of the interim condensed financial information, the Group had no events after the reporting period that need to be disclosed.

MANAGEMENT DISCUSSION AND ANALYSIS

Business overview

We are a professional renewable energy solution provider and building contractor. Our main businesses are design, fabrication and installation of conventional curtain walls and Building Integrated Photovoltaic System (“BIPV”) systems; as well as manufacture and sale of renewable energy goods. Our BIPV system involves (i) the integration of photovoltaic technology into the architectural design of buildings and structures and (ii) conversion of solar energy into electricity for use. Our system allows the electricity generated from solar panels to be connected to the power grid of a building and the electricity generated from sun power will be consumed simultaneously. No extra electricity storage cost is required. In addition, we also engage in the production and sale of renewable energy goods, including smart grid system, prefabricated solar houses, solar thermal system and solar street lamp. In 2011, we also started a new business called Indium Tin Oxide (“ITO”) business or “New material” business for the development of high-end curtain wall in future. 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.

FUTURE PLAN AND STRATEGIES

Opening of new Zhuhai production base

In May 2011, we acquired a land parcel in Zhuhai with 125,639 square meter for a new production centre.

The first phase of this production base has just commenced operation in second quarter this year and we expect the second phase will commence operation soon. Our new Zhuhai production centre is mainly focus on the material fabrication and engineering processes for our solar and curtain wall businesses in the overseas market.

Stabe growth in conventional curtain wall business

In first half of 2012, we involved in 3 railway related projects (30 June 2011: 9) and total revenue from railway related business was approximately RMB23.0 million. Railway related revenue dropped by about 84% compared with first half of 2011. After the high-speed train accident occurred in early 2011, the construction plan of the high speed railway system were suspended and under evaluation again to enhance the overall safety and reliability. As a results, relatively less revenue from railway projects were noted in the first half of 2012. In view of our proven track record and the established business network, we believe that the railway revenue could rebound when the construction of the high-speed train network inside Mainland China resume. Despite the negative impact from the drop in revenue from railway projects, we still recorded a stable growth in conventional curtain wall business because of the strong growth in commercial sector.

Strengthening our BIPV business through the Golden Sun policy

We intend to further strengthen our solar business by undertaking more BIPV projects. The Mainland China government will continue to give support to solar application through the Golden Sun program, under the Twelfth-Five-Year Plan, the Mainland China government target to install about 21GW of solar system inside Mainland China by year 2015. With the combination of our proven track record, our expertise, our technical know-how and our experience we were able to get stable market share under the Golden Sun since 2009. We have strategically positioned us as a high end solar system integrator and engineer in Mainland China and we believe that we could maintain a stable market share in the coming years.

We also planned to devote more research efforts in the development and design of new renewable energy goods in the near future in order to capture the growing market demand for these products. Moreover, through the strategic cooperation with a number of solar panel manufacturers, we aim to tap into their Mainland China and overseas customer base and distribution network to secure business for our BIPV systems and renewable energy goods and to seek overseas business opportunities.

During the Period, we have achieved a very satisfactory result in our BIPV business. We involved in 20 BIPV projects and revenue from BIPV grew by 76.7% and it accounted for approximately 39.5% of our total revenue (for six months ended 30 June 2011: 28.8%).

In May 2012, we also secured approximately 150MW of projects under the Golden Sun program and approximately 16MW under the Solar Roof Top program, these project pipeline will start to make revenue contribution in second half of this year.

Development of renewable energy goods and new materials

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

Revenue from renewable energy and new material goods dropped slightly from RMB186.8 million in first half 2011 to RMB170.5 million during the Period. Part of our production line and other resources were shifted from Zhuhai to Hunan, and it takes some time for re-assemble the equipment before they can reach their full capacity. As a results, material sale business was temporary be affected and revenue was slightly decreased compared with same period last year. Moreover, the revenue also be adversely affected by the drop in average selling price, although we can still maintain a stable quantity sale. We expect the solar material business could back to normal in second half this year.

Overseas business opportunities

Revenue outside Mainland China accounted for approximately 3.1% of our total revenue in first half of 2012. We have already secured some sizable government projects in Macau with contract value over RMB120M, we are also in the process of submitting tenders in the overseas market, including South East Asia, Hong Kong and Macau. The Directors believe that the contribution from overseas market could achieve significant growth this year.

BUSINESS AND FINANCIAL REVIEW

Revenue

The following table set out the breakdown of revenue:

	For the six months ended 30 June	
	2012	2011
	RMB million	*RMB million*
	(unaudited)	*(unaudited)*
Conventional curtain walls		
– Public work	**90.2**	195.1
– Commercial and industrial buildings	**359.7**	137.2
– High-end residential buildings	**43.1**	86.6
	493.0	418.9
BIPV		
– Public work	**180.3**	185.9
– Commercial and industrial buildings	**328.3**	101.9
	508.6	287.8
Construction contracts total	**1,001.6**	706.7
Sale of goods		
– conventional materials	**113.9**	102.6
– renewable energy and new material goods	**170.5**	186.8
	284.4	289.4
Rendering of design services	**0.8**	0.8
Sale of electricity	**2.0**	0.8
Total Revenue	**1,288.8**	997.7

Gross profit and gross profit margin	For the six months ended 30 June			
	2012		2011	
	RMB million (unaudited)	***%***	*RMB million (unaudited)*	*%*
Construction contracts				
– Conventional curtain walls	**75.4**	**15.3**	61.7	14.7
– BIPV	**175.3**	**34.5**	102.7	35.7
	250.7	**25.0**	164.4	23.3
Sale of goods				
– conventional materials	**21.3**	**18.7**	20.2	19.7
– renewable energy and new material goods	**46.3**	**27.2**	60.3	32.2
	67.6	**23.8**	80.5	27.8
Rendering of design services	**0.3**	**37.5**	0.3	37.5
Sale of electricity	**0.1**	**5.0**	0.2	25.0
Overall Gross Profit Margin	**318.7**	**24.7**	245.4	24.6

The Group's revenue increased by RMB291.1 million or 29.2%, from RMB997.7 million in the first half of 2011 to RMB1,288.8 million in the first half of 2012. Gross profit of the Group increased by RMB73.3 million or 29.9%, from RMB245.4 million in the first half of 2011 to RMB318.7 million in the first half of 2012.

1) The Group's revenue from conventional wall business increased by RMB74.1 million or 17.7%, from RMB418.9 million in the first half of 2011 to RMB493.0 million in the first half of 2012.

   Gross profit from conventional curtain walls increased from RMB61.7 million to RMB75.4 million, gross profit margin also improved slightly from 14.7% in the first half of 2011 to 15.3% in the first half of 2012.

   Although conventional curtain walls for public sectors were negatively affected by the drop in revenue from railway related projects, however, during the Period, we have secured more projects from commercial and industrial sectors and which offset the negative impact from railway sectors. Our Group is reputable player in the market and our business team are well aware about the market development. As a results, we strategically shifted our focus to commercial and industrial to maintain a healthy growth in the curtain wall business.

2) We have achieved a significant growth in our BIPV business in the first half of 2012. BIPV revenue increased by RMB220.8 million or 76.7%, from RMB287.8 million in first half of 2011. Significant growth in revenue is noted especially in the commercial areas, BIPV revenue from public work dropped slightly by RMB5.6 million or 3.0% while revenue from commercial area increased by 2.2 times to RMB328.3 million. In the past few years, the Mainland China government launched a number of policies to simulate the solar application, and also because of our well-established selling channel, reputable

brand name and innovative technologies, our BIPV business could recorded on annual growth rate of 30% in the past few years. We believe that the Mainland China government will continue its aggressive plan in supporting downstream solar application and the Group will continue to be the winner in this area. Under the latest Golden Sun Program, the Government also encourages the use of roof top solar application on industrial zone, in order to partly solve the electricity shortage problem during peak usage season. The combination of government's favourable policy, the drop in material cost and our innovative technologies, the return on investment of solar projects became more attractive during the Period and the good investment return successfully drew attention from investors in commercial and industrial areas. This helped us to broaden our customer base and therefore the revenue from commercial and industrial customers increased significantly.

We have approximately 166MW of sale order on hand, while 60.8 MW is self investment projects and the rest are third-parties projects. In the mean time, we also in the process of negotiating with other shortlisted candidates under the latest Golden Sun Program to explore the potential co-operation opportunity.

Gross profit for BIPV business increased by RMB72.6 million or 70.7%, from RMB102.7 million in the first half of 2011 to RMB175.3 million in the first half of 2012. During the Period, we engaged in 20 BIPV projects and the gross margin maintained at a relatively high level at 34.5%.

3) Sales of goods dropped by 1.7%, from RMB289.4 million in first half of 2011 to RMB284.4 million in the first half of 2012. Sale of goods comprises sale of conventional materials and sale of renewable energy goods. Sale of conventional materials increased by RMB11.3 million or 11%, gross profit from sale of conventional curtain wall materials increased by RMB1.1 million or 5.4%, from RMB20.2million to RMB21.3 million. Gross profit margin in 2012 was 18.7% (2011: 19.7%).

Revenue from renewable energy and new material goods amounted to RMB170.5 million during the Period, dropped by 8.7% compared with same period last year. Gross profit dropped by RMB14.0 million and gross margin ratio dropped from 32.2% to 27.2% during the Period.

The drop in revenue, as mentioned previously, was partly due to the relocation of certain manufacturing equipment and human resources to the new production base in Hunan. It takes some times for our workers and the re-assembled machinery to resume their full operating scale, we expect the production line could resume normal scale in the second half this year. The revenue also be adversely affected by the drop in average selling price, although we can still maintain a stable quantity sale. We expect demand for renewable goods in the second half will be higher than the first half this year because of the seasonal factor, the Directors are still confident about the full year sales performance on the renewable energy and new material goods.

Other income and gains

Other income and gains mainly represented interest income from bank deposits and government grants. During the Period, we received approximately RMB4.8 million (2011: RMB0.6 million) from the government to reward our commitment to solar energy.

Selling and distribution expenses

Selling and distribution expenses increased by RMB7.3 million or 36.3%. The increase in selling and distribution expense was mainly caused by the increase in staff costs, office leasing and other business related expenses. The increase in staff costs was because of the increase in number of selling staffs and increase in staff incentive. The levels of changes for other items were consistent with our business growth.

Administrative expenses

Administrative expenses increased by RMB16.9 million or 23.1%. The increase in administrative expenses was again mainly driven by the increase in staff costs, depreciation and other business related expenses.

Other key items under administrative expenses included research expenses, depreciation and staff costs development expenses, the increase is consistent with the growth in business of the Group.

Other expenses

Other expenses is stable comparing with the first half of 2011.

Finance costs

The Group's finance costs increased by RMB18.9 million. Total interest expense increased from RMB13 million in the first half year of 2011 to RMB25.1 million in the first half year of 2012. The main reason was the increase of the total bank loans from RMB644.5 million in the first half of 2011 to RMB864.7 million during the Period. Also, the People's Bank of China raise the basis borrowing rates for domestic loans and it drove up our interest cost on bank loans. During the Period, the Group incurred RMB6.1 million of interest cost on discounted bills.

	For the six months ended 30 June	
	2012	2011
	RMB'million	*RMB'million*
Interest on bank loans wholly repayable within five years	**25.1**	13.0
Interest on discounted bills receivable	**6.1**	–
Others	**0.7**	–
	31.9	13.0

Income tax expense

Income tax expense during the Period included RMB27.6 million of taxation charge and RMB10.2 million of deferred tax charge. For the period ended 30 June 2011, it included RMB57.1 million of taxation charge and RMB27.3 million of deferred tax credit.

The RMB27.6 million of taxation charges represented the income tax provision for subsidiaries inside Mainland China. The RMB57.1 million of taxation charges in previous period included RMB23.4 million of income tax charges and RMB33.7 million of tax provision for a RMB134.9 million of government subsidy for a roof top solar project on the roof top of our factory in Hunan.

Deferred tax charges in the Period amounted to RMB10.2 million, it mainly represented the provision for dividend withholding tax based on 5% of the net profit of our operating subsidiaries located inside Mainland China. In the first half of 2011, deferred tax credit of RMB27.3 million included RMB6.4 million of dividend withholding tax and RMB33.7 million of deferred tax assets on the RMB134.9 million government subsidy.

Healthy current ratio

The current ratio being current assets over current liabilities, was 1.11 as at 30 June 2012 (31 December 2011: 1.30).

Trade receivables/trade payables turnover days

Turnover days	**30 June 2012** *(unaudited)* **Days**	31 December 2011 Days
Trade receivables	**138**	134
Trade payables	**72**	37

Trade receivables turnover days is calculated based on the average of the beginning and ending balances of trade receivables net of impairment, divided by the revenue during the Period and multiplied by the number of days during the Period. Trade receivables turnover days at 30 June 2012 was 138 days, which is similar to the previous period. Trade payables turnover days, which is calculated based on the average of the beginning and ending balances of trade payables divided by the cost of sales and multiplied by the number of days during the Period, was 72 days. The Directors will continue to closely monitor the trade receivables and payables position for the long term sustainability and healthiness of the Group's operation.

Liquidity and financial resources

The Group's primary source of funding included the cashflow generated from operating activities and newly raised bank loans. As at 30 June 2012, the Group had approximately RMB344.7 million of cash and cash equivalents and approximately RMB867.4 million of bank loans. The Group will continuously manage its cash outflow closely and cautiously in the coming years and dedicate to maintain a sound financial position and to improve the equity return to its shareholders.

The Group's strategy is to maintain the gearing ratio at a healthy level in order to support the growth of our business. The Group's gearing ratio represented by consolidated net borrowings (total bank loans minus cash and cash equivalents) to total equity at 30 June 2012 was 31.6% (31 December 2011: 22.9%). The increase in gearing ratio was because new loans were raised for our capital expenditures and certain cash and cash equivalents was pledged for bills discount, as well as for performance bonds or letter of credits issurance. With the continuous positive cash inflow generated from its operations and its existing cash resources and available banking facilities obtained from its bankers, the Group has sufficient financial resources to meet its commitments and working capital requirements.

Capital Expenditures

Capital expenditures of the Group for the Period amounted to RMB307.7 million and mainly represented construction of factory premises and additions in plant and machinery of our new factory in Zhuhai and Hunan.

For the first half of 2011, capital expenditures amounted to approximately RMB362.1 million, it included RMB60.3 million on acquisition of land in Zhuhai and RMB301.9 million on construction of the Hunan factory.

Borrowings and bank facilities

The outstanding borrowings comprised bank loans of RMB867.4 million with effective interest rates ranging from Hong Kong Inter Bank Offered Rate ("HIBOR") + 0.95% to 7.87%. As at 30 June 2012, the Group had total banking facilities of RMB1,905.1 million. We have utilised RMB867.4 as bank loans and RMB170.4 million as trade financing activities (including letter of credits, bills, performance bond and discounted bills etc). The remaining banking facilities limit of RMB867.3 million mainly represented limit for arranging trade financing activities.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency.

The following table demonstrates the sensitivity at the end of the Period to a reasonably possible change in US$ and HK$ exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Group's equity.

	Increase/ (decrease) in foreign currency rate	**Increase/ (decrease) in profit before tax**
	%	*RMB'000*
Six months ended 30 June 2012		
If RMB weakens against US$	**5**	**169**
If RMB strengthens against US$	**(5)**	**(169)**
If RMB weakens against HK$	**5**	**(2,415)**
If RMB strengthens against HK$	**(5)**	**2,415**

Credit risk

The carrying amounts of cash and cash equivalents, pledged deposits, trade and other receivables, investments and other financial assets represent our maximum exposure to credit risk in relation to financial assets. Substantially all of our cash and cash equivalents are held in major financial institutions located in the Mainland China and Hong Kong, which management believes are of high credit quality. We trade only with recognised and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. Moreover, as our exposure is spread over a diversified portfolio of customers, there is no significant concentration of credit risk.

Liquidity risk

We monitor the risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. Our liquidity is primarily dependent on its ability to maintain a balance between continuity of funding and the settlement from customers and payment to vendors.

Dividend

The Directors of the Company do not recommend the payment of interim dividend (six months ended 30 June 2011: nil).

HUMAN RESOURCES

As at 30 June 2012, the Group had about 2,100 employees. Employee salary and other benefit expenses increased to approximately RMB67.6 million in the first half year of 2012 from approximately RMB46.2 million in the first half of 2011, which represented an increase of 46.3%. This is generally because of the increase in headcount and the increase in salary level. The Group's remuneration policies are formulated on the performance of individual employees, which will be reviewed regularly every year. Apart from the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes for Hong Kong employees) or the state-managed retirement pension scheme (for Mainland China employees) and medical insurance, discretionary bonus are also awarded to employees according to the assessment of individual performance.

CORPORATE GOVERNANCE

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. This report outlines the principles and the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Directors consider that the Company has applied the principles and complied with all the applicable code provisions set out in the Code since the Listing Date, except for the deviation from paragraph A.2.1 of the Code as described below.

Mr. Liu Hongwei, the Chairman of the Group, is responsible for the leadership and effective running of the Board, ensuring that all material issues are decided by the Board in a conducive manner. Mr. Liu Hongwei is also responsible for running the Group's business and effective implementation of the strategies of the Group. The Company is aware of the requirement under paragraph A.2.1 of the Code that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Nevertheless, the Board considers that the combination of the roles of Chairman and Chief Executive Officer will not impair the balance of power and authority between the Board and the management of the Company as the Board will meet regularly to consider major matters affecting the operations of the Group. The Board is of the view that this structure provides the Group with strong and consistent leadership, which can facilitate the formulation and implementation of its strategies and decisions and enable it to grasp business opportunities and react to changes efficiently. As such, the Board believes that it is beneficial to the business prospects of the Group with Mr. Liu Hongwei performing both the roles of Chairman and Chief Executive Officer.

Model Code for Directors' Securities Transactions

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

Audit Committee

The Company established the Audit Committee in compliance with Rules 3.21 to 3.23 of the Listing Rules and paragraph C.4 of the Code. The primary duties of the Audit Committee are to oversee the financial reporting process and internal control procedure of the Group, to review the financial information of the Group and to consider issues relating to the external auditor. The Audit Committee consists of the three independent non-executive Directors, and Mr. Yick Wing Fat, Simon is the Chairman of the Audit Committee. The Audit Committee has reviewed the Group's unaudited interim condensed financial information and interim results for the Period.

Purchase, sale and redemption of Company's listed securities

There were no purchase, sale or redemption by the Company and any of its subsidiaries, of the Company's listed securities during the Period.

Publication of Results Announcement

This interim results announcement is available for viewing on the websites of The Stock Exchange of Hong Kong Limited at http://www.hkexnews.hk and the Company's website at http://www.singyessolar.com and the 2012 interim report of the Company containing all the information required under the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

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

Hong Kong, 29 August 2012

As at the date of this announcement, the executive Directors are Mr. Liu Hongwei, Mr. Sun Jinli and Mr. Xie Wen, the non-executive Directors are Mr. Li Huizhong and Mr. Cao Zhirong and the independent non-executive Directors are Mr. Wang Ching, Mr. Yick Wing Fat, Simon and Mr. Cheng Jinshu.