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## **China Singyes Solar Technologies Holdings Limited**

**中國興業太陽能技術控股有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 750)**

### **ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012**

The board of directors (the “Director”) of China Singyes Solar Technologies Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2012.

#### **FINANCIAL HIGHLIGHTS**

	<b>Year ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	<b>3,097,511</b>	2,406,212
EBITDA*	<b>565,025</b>	430,838
Profit before tax	<b>420,102</b>	371,533
Income tax expense	<b>93,171</b>	80,025
Profits attributable to owners of the Company	<b>328,644</b>	290,850
Gross profit margin	<b>24.2%</b>	24.1%
Net profit margin	<b>10.6%</b>	12.1%
Earnings per share attributable to ordinary equity holders		
– Basic	<b><u>RMB0.521</u></b>	<u>RMB0.472</u>
– Diluted	<b><u>RMB0.521</u></b>	<u>RMB0.471</u>
Final dividend per share proposed	<b><u>HK\$0.07</u></b>	<u>HK\$0.04</u>

\* *Earnings before interest, tax and depreciation and amortisation*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December	
		2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Revenue	3	3,097,511	2,406,212
Cost of sales		<u>(2,348,361)</u>	<u>(1,825,618)</u>
Gross profit		749,150	580,594
Other income and gains		21,135	41,779
Selling and distribution costs		(61,406)	(48,075)
Administrative expenses		(196,776)	(160,755)
Finance costs		(88,785)	(36,011)
Other expenses		<u>(3,216)</u>	<u>(5,999)</u>
Profit before tax	4	420,102	371,533
Income tax expense	5	<u>(93,171)</u>	<u>(80,025)</u>
Profit for the year		<u>326,931</u>	<u>291,508</u>
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations		<u>(610)</u>	<u>1,285</u>
Total comprehensive income for the year		<u><u>326,321</u></u>	<u><u>272,793</u></u>
Profit attributable to:			
Owners of the Company		328,644	290,850
Non-controlling interests		<u>(1,713)</u>	<u>658</u>
		<u><u>326,931</u></u>	<u><u>291,508</u></u>
Total comprehensive income attributable to:			
Owners of the Company		328,034	292,135
Non-controlling interests		<u>(1,713)</u>	<u>658</u>
		<u><u>326,321</u></u>	<u><u>292,793</u></u>
Earnings per share attributable to ordinary equity holders of the Company			
– Basic	6	<u>0.521</u>	<u>0.472</u>
– Diluted		<u>0.521</u>	<u>0.471</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2012	2011
	Note	RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		1,545,279	1,261,462
Prepaid land lease payments		92,697	94,644
Intangible assets		3,132	4,565
Prepayments in advance		7,863	32,512
Deferred tax assets	10	18,290	17,216
An available-for-sale equity investment		30,098	29,712
<b>Total non-current assets</b>		<b>1,697,359</b>	<b>1,440,111</b>
<b>Current assets</b>			
Inventories		63,384	63,847
Construction contracts		48,840	48,025
Trade receivables	8	1,281,444	991,551
Prepayments, deposits and other receivables	8	59,747	37,152
Pledged deposits		214,820	53,982
Cash and cash equivalents		698,088	315,496
<b>Total current assets</b>		<b>2,366,323</b>	<b>1,510,053</b>
<b>Current liabilities</b>			
Trade and bills payables	9	515,365	298,112
Other payables and accruals	9	175,259	215,299
Interest-bearing bank loans		917,354	569,147
Tax payable		26,140	77,067
Due to directors		–	13,385
<b>Total current liabilities</b>		<b>1,634,118</b>	<b>1,173,010</b>
<b>Net current assets</b>		<b>732,205</b>	<b>337,043</b>
<b>Total assets less current liabilities</b>		<b>2,429,564</b>	<b>1,777,154</b>
<b>Non-current liabilities</b>			
Interest-bearing bank loans		289,080	96,413
Deferred tax liabilities	10	58,497	37,771
Deferred income		230,075	114,771
<b>Total non-current liabilities</b>		<b>577,652</b>	<b>248,955</b>
<b>Net assets</b>		<b>1,851,912</b>	<b>1,528,199</b>
<b>Equity attributable to owners of the Company</b>			
Issued capital	12	42,606	35,841
Reserves		1,766,543	1,470,758
Proposed final dividend		35,921	17,045
		<b>1,845,070</b>	<b>1,523,644</b>
<b>Non-controlling interests</b>		<b>6,842</b>	<b>4,555</b>
<b>Total equity</b>		<b>1,851,912</b>	<b>1,528,199</b>

## 1. CORPORATE INFORMATION

China Singyes Solar Technologies Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in Bermuda on 24 October 2003. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Unit 3108, 31st Floor, China Merchants Tower, Shun Tak Center, 168-200 Connaught Road Central, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the design, manufacturing, supply and installation of conventional curtain walls and building integrated photovoltaic (“BIPV”) systems, as well as the manufacturing and sale of solar power products. There were no significant changes in the nature of the Group’s principal activities during the year.

In the opinion of the directors, the ultimate holding company of the Company is Strong Eagle Holdings Limited (“Strong Eagle”), which is incorporated in the British Virgin Islands.

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise standards and interpretations approved by the International Accounting Standards Board (the “IASB”) and International Accounting Standards (“IASs”) and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2012. The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

## 2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

IFRS 1 Amendments	Amendment to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
IFRS 7 Amendments	Amendments to IFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i>
IAS12 Amendments	Amendments to IAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>

The adoption of the revised IFRSs has had no significant financial effect on these financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 1 Amendments	Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards – Government Loans</i> <sup>2</sup>
IFRS 7 Amendments	Amendments to IFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> <sup>2</sup>
IFRS 9	<i>Financial Instruments</i> <sup>4</sup>
IFRS 10	<i>Consolidated Financial Statements</i> <sup>2</sup>
IFRS 11	<i>Joint Arrangements</i> <sup>2</sup>
IFRS 12	<i>Disclosure of Interests in Other Entities</i> <sup>2</sup>
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 – <i>Transition Guidance</i> <sup>2</sup>
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) – <i>Investment Entities</i> <sup>3</sup>
IFRS 13	<i>Fair Value Measurement</i> <sup>2</sup>
IAS 1 Amendments	Amendments to IAS 1 <i>Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income</i> <sup>1</sup>
IAS 19 Amendments	Amendments to IAS 19 <i>Employee Benefits</i> <sup>2</sup>
IAS 27 (Revised)	<i>Separate Financial Statements</i> <sup>2</sup>
IAS 28 (Revised)	<i>Investments in Associates and Joint Ventures</i> <sup>2</sup>
IAS 32 Amendments	Amendments to IAS 32 <i>Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities</i> <sup>3</sup>
IFRIC 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> <sup>2</sup>
Annual Improvements 2009-2011 Cycle	Amendments to a number of IFRSs issued in May 2012 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2015

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

The IFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The Group expects to adopt the amendments from 1 January 2013.

IFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace IAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of IAS 39.

In October 2010, the IASB issued additions to IFRS 9 to address financial liabilities (the "Additions") and incorporated in IFRS 9 the current derecognition principles of financial instruments of IAS 39. Most of the Additions were carried forward unchanged from IAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

IAS 39 is aimed to be replaced by IFRS 9 in its entirety. Before this entire replacement, the guidance in IAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt IFRS 9 from 1 January 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by IFRS 10 require management of the Group to exercise significant judgment to determine which entities are controlled, compared with the requirements in IAS 27 and SIC 12 *Consolidation - Special Purpose Entities*. IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group.

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC 13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

IFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in IAS 27 *Consolidated and Separate Financial Statements*, IAS 31 *Interests in Joint Ventures* and IAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

In June 2012, the IASB issued amendments to IFRS 10, IFRS 11 and IFRS 12 which clarify the transition guidance in IFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between IFRS 10 and IAS 27 or SIC-12 at the beginning of the annual period in which IFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

The amendments to IFRS 10 issued in October 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 rather than consolidate them. Consequential amendments were made to IFRS 12 and IAS 27 (Revised). The amendments to IFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in IFRS 10.

Consequential amendments were made to IAS 27 and IAS 28 as a result of the issuance of IFRS 10, IFRS 11 and IFRS 12. The Group expects to adopt IFRS 10, IFRS 11, IFRS 12, IAS 27 (Revised), IAS 28 (Revised), and the subsequent amendments to these standards issued in June and October 2012 from 1 January 2013.

IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other IFRSs. The Group expects to adopt IFRS 13 prospectively from 1 January 2013.

The IAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1 January 2013.

IAS 19 Amendments include a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt IAS 19 Amendments from 1 January 2013.

The IAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to setoff” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in IAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.



The *Annual Improvements to IFRSs 2009-2011 Cycle* issued in May 2012 sets out amendments to a number of IFRSs. The Group expects to adopt the amendments from 1 January 2013. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant on the Group's policies are as follows:

- (a) *IAS 1 Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- (b) *IAS 32 Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

### 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 government surcharges; and invoiced value of goods 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 year were mainly derived from curtain wall (including solar power products) supply and installation service, 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.



## Geographical information

### (a) Revenue from external customers

	2012		2011	
	RMB'000	%	RMB'000	%
Mainland China	2,951,241	95.3	2,375,719	98.7
Outside Mainland China	146,270	4.7	30,493	1.3
	<u>3,097,511</u>	<u>100.0</u>	<u>2,406,212</u>	<u>100.0</u>

### (b) Non-current assets

	2012		2011	
	RMB'000	%	RMB'000	%
Mainland China	1,632,723	99.0	1,376,456	98.8
Hong Kong	16,248	1.0	16,727	1.2
	<u>1,648,971</u>	<u>100.0</u>	<u>1,393,183</u>	<u>100.0</u>

## Information about major customers

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

## 4. PROFIT BEFORE TAX

	2012	2011
	RMB'000	RMB'000
Cost of construction contracts and design services	1,728,483	1,382,594
Cost of inventories sold	615,350	441,505
Cost of electricity sold	4,528	1,519
Depreciation	51,769	22,189
Amortisation of prepaid land lease payments	1,947	1,499
Amortisation of intangible assets	709	264
Minimum lease payments under operating leases	5,383	6,070
Research costs	30,414	21,495
Auditors' remuneration	5,453	4,603
Staff costs (including directors' remuneration and pension contributions)	115,341	92,228
Equity-settled share option expense	4,314	7,669
Exchange losses, net	36	3,089
Impairment of intangible term assets	1,120	—
Loss on disposal items of property, plant and equipment	182	—
Provision for/(Reversal of provision for) impairment of trade and other receivables	<u>250</u>	<u>(505)</u>

## 5. INCOME TAX EXPENSE

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

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Current-Mainland China		
– Charge for the year	73,519	79,369
Deferred	19,652	656
	<u>93,171</u>	<u>80,025</u>
Total tax charged for the year	<u>93,171</u>	<u>80,025</u>

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

The provision for PRC Corporate Income Tax (the “PRC CIT”) is based on the respective CIT rates applicable to the subsidiaries located in Mainland China as determined in accordance with the relevant income tax rules and regulations of the PRC for the year.

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Profit before tax	<u>420,102</u>	<u>371,533</u>
At the applicable tax rates	64,508	49,728
Expenses not deductible for tax	7,937	12,425
Effect of withholding tax at 5% on the distributable profits of the Group’s subsidiaries in Mainland China	<u>20,726</u>	<u>17,872</u>
Tax charge at the Group’s effective tax rate	<u>93,171</u>	<u>80,025</u>

In accordance with the PRC Corporate Income Tax Law (the “New CIT Law”) approved by the National People’s Congress on 16 March 2007, except for Zhuhai Singyes Green Building Technology Co., Ltd. (“Zhuhai Singyes”) and Zhuhai Singyes Renewable Energy Technology Co., Ltd. (“Singyes Renewable Energy”), which are further mentioned below, the Group’s subsidiaries in Mainland China are subject to CIT at a rate of 25%.

Zhuhai Singyes and Singyes Renewable Energy were awarded the certificate of High Technologies Enterprise (the “Certificate”) by the Guangdong Science and Technology Department, Guangdong Provincial Finance Bureau, Guangdong Provincial Office of the State Administration of Taxation and the Guangdong Provincial Local Taxation Bureau in 2011, effective for three years from the respective dates of issuance of the Certificate. In accordance with the New CIT Law, the applicable CIT rate for Zhuhai Singyes and Singyes Renewable Energy was 15% for 2012.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 630,874,338 (2011: 615,801,852) in issue during the year, as adjusted to reflect the bonus share issued during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation 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:

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Company for the basic and diluted earnings calculation	<u>328,644</u>	<u>290,850</u>
	<b>Number of shares</b>	
	2012	2011 <i>(Restated)</i>
<b>Shares</b>		
Weighted average number of ordinary shares in issue for the basic earnings per share calculation	630,874,338	615,801,852
Effects of dilution – weighted average number of ordinary shares: Share options	<u>109,371</u>	<u>1,257,931</u>
	<u>630,983,709</u>	<u>617,059,783</u>

## 7. DIVIDENDS

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Proposed final – HK\$7 cents (2011: HK\$4 cents) per ordinary share	<u>35,921</u>	<u>17,045</u>

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

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
<b>Trade and bills receivables</b>	<b>1,283,999</b>	994,106
Less: impairment	<u>(2,555)</u>	<u>(2,555)</u>
	<b><u>1,281,444</u></b>	<b><u>991,551</u></b>

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on invoice date and net of provision, is as follows:

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Within 3 months	737,358	658,022
3 to 6 months	381,710	210,406
6 to 12 months	102,257	62,111
1 to 2 years	55,194	59,569
2 to 3 years	4,412	380
Over 3 years	<u>513</u>	<u>1,063</u>
	<b><u>1,281,444</u></b>	<b><u>991,551</u></b>

As at 31 December 2012, trade and bills receivables contained retention money receivables of RMB186.0 million (2011: RMB141.7 million).

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
<b>Prepayments, deposits and other receivables</b>		
Prepayments to subcontractors and suppliers	23,068	11,147
Deposits	25,447	16,620
Other receivables	11,632	9,535
Less: Impairment	<u>(400)</u>	<u>(150)</u>
	<b><u>59,747</u></b>	<b><u>37,152</u></b>

## 9. TRADE AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUALS

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Trade and bills payables	515,365	298,112
Advances from customers	11,834	5,791
Tax and surcharge payables	64,629	69,613
Accrued expenses	12,333	9,271
Other payables	<u>86,463</u>	<u>130,624</u>
	<b><u>690,624</u></b>	<b><u>513,411</u></b>

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2012</b> <i>RMB'000</i>	2011 <i>RMB'000</i>
Within 3 months	<b>336,688</b>	270,174
3 to 6 months	<b>133,064</b>	11,394
6 to 12 months	<b>24,874</b>	4,419
1 to 2 years	<b>13,150</b>	5,715
2 to 3 years	<b>3,284</b>	1,982
Over 3 years	<b>4,305</b>	4,428
	<hr/> <b>515,365</b> <hr/>	<hr/> 298,112 <hr/>

## 10. DEFERRED TAX LIABILITIES

The movements of deferred tax assets and liabilities during the year are as follows:

### Deferred tax assets

	<b>Government grants</b> <i>RMB'000</i>
At 1 January 2011	—
Deferred tax credited to profit or loss during the year	17,216
At 1 January 2012	<hr/> <b>17,216</b> <hr/>
Deferred tax credited to profit or loss during the year	1,074
At 31 December 2012	<hr/> <b>18,290</b> <hr/>

Deferred tax assets of RMB18,290,000 (2011: RMB17,216,000) in respect of unreleased government grants were recognised.

### Deferred tax liabilities

	<b>Withholding taxes</b> <i>RMB'000</i>
At 1 January 2011	19,899
Deferred tax charged to profit or loss	17,872
At 31 December 2011 and at 1 January 2012	<hr/> 37,771 <hr/>
Deferred tax charged to profit or loss during the year	20,726
At 31 December 2012	<hr/> <b>58,497</b> <hr/>

Pursuant to the income tax rules and regulations in the PRC, a 10% withholding tax is levied on dividends declared to foreign investors from foreign investment enterprises established in Mainland China effective from 1 January 2008. Under the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the withholding tax rate for dividends paid by a Mainland resident enterprise to a Hong Kong resident enterprise is 5% if the Hong Kong enterprise owns at least 25% of the Mainland enterprise. As a result, deferred tax liabilities of RMB20,726,000 (2011: RMB17,872,000) regarding withholding income tax on the distributable earnings (future dividend) of Zhuhai Singyes and Singyes Renewable Energy, subsidiaries invested by Singyes Green Investment, which is the Company's subsidiary registered in Hong Kong, have been provided for the year.

## 11. DEFERRED INCOME

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
<b>Government grants</b>		
At 1 January	114,771	-
Government grants related to assets received during the year	118,472	134,850
Released to profit or loss	<u>(3,168)</u>	<u>(20,079)</u>
At 31 December	<u>230,075</u>	<u>114,771</u>

Deferred income represented government grants received by the Group in respect of the construction of a roof top solar farm in Hunan under the "Golden Sun Program", and other items of property, plant and equipment during the year.

The deferred income is released to profit or loss at the annual instalment to match with the expected useful lives of the relevant assets

## 12. ISSUED CAPITAL

	2012 <i>US\$'000</i>	2011 <i>US\$'000</i>
<b>Shares</b>		
Authorised		
1,200,000,000 ordinary shares of US\$0.01 each	<u>12,000</u>	<u>12,000</u>
Issued and fully paid		
632,861,997 (2011: 525,633,332) ordinary share of US\$0.01 each	<u>6,329</u>	<u>5,256</u>
Equivalent to RMB'000	<u>42,606</u>	<u>35,841</u>

During the year, the movements in issued capital were as follows:

	<b>Number of shares in issue</b>	<b>Issued capital <i>RMB'000</i></b>
At 1 January 2011	<b>490,900,000</b>	<b>33,589</b>
Share option exercised	<b>453,322</b>	<b>29</b>
Issue of shares	<b>35,000,000</b>	<b>2,269</b>
Redemption of shares	<b>(720,000)</b>	<b>(46)</b>
	<hr/>	<hr/>
At 31 December 2011 and 1 January 2012	<b>525,633,322</b>	<b>35,841</b>
Bonus issue of shares	<i>(b)</i> <b>105,126,666</b>	<b>6,663</b>
Share option exercised	<i>(a)</i> <b>2,101,999</b>	<b>132</b>
	<hr/>	<hr/>
At 31 December 2012	<b><u>632,861,997</u></b>	<b><u>42,606</u></b>

- (a) Pursuant to the approval of the shareholders at the annual general meeting of the Company on 25 May 2012, 105,126,666 ordinary shares of the Company of US\$0.01 each were issued as bonus shares to ordinary shareholders on a ten-to-two basis by way of capitalisation of part of the Company's contributed surplus on 15 June 2012.
- (b) The subscription rights attaching to 2,101,999 share options were exercised at the subscription price of HK\$3.58 per share, resulting in the issue of 2,101,999 shares with a par value of US\$0.01 each.



## 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 and solar thermal system. 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 in 2012. Our new Zhuhai production centre is mainly focus on engineering works and material fabrication for our solar and curtain wall businesses in the overseas market.

#### Stable growth in conventional curtain wall business

In 2012, we involved in 4 railway related projects (2011:10). After the high-speed train accident occurred in early 2011, the construction plan of the high speed railway system were temporary be suspended and under evaluation to enhance the overall safety and reliability. As a results, relatively less revenue from railway projects were noted in 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 demand from commercial sector.

#### Strengthening our BIPV business

We intend to further strengthen our solar business by undertaking more BIPV projects. The Mainland China government continues to give support to solar application through various policies. 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 in the solar application and installation market 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 strong business growth in the coming years.

We also planned to devote more research efforts in the development and design of new renewable energy goods in order to capture the growth in market demand. 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 year, we have achieved a very satisfactory result in our BIPV business. We involved in 38 BIPV projects and revenue from BIPV grew by 29.8% and it accounted for approximately 34.6% of our total revenue (2011: 34.3%).

We have secured 269MW of projects under 2012 second batch 2012 Golden Sun and 40MW under the 2013 Solar Roof Top Program in December 2012 and January 2013 respectively. And in May 2012, we have secured approximately 150MW of projects under the first batch 2012 Golden Sun program and approximately 16MW under the Solar Roof Top program.

### **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, heat pumb and New material business. The increase in importance in environmental protection helps to stimulate the sale of our renewable energy goods.

Revenue from renewable and New material business increased from RMB338.2 million in 2011 to RMB534.5 million in 2012.

During the year, we have recorded a substantial growth in renewable energy goods business. Apart from various government support programs, the increase in demand also because of the continue drop in raw material prices which make investment return in solar application more attractive than before. The commercial and industrial sector starts to recognise the attractive return and hence demand increased significantly.

We started our solar thermal and solar heat pump business in year 2010. In 2012, sale of solar thermal system and solar heat pump continue to contribute a significant percentage in our solar goods business.

We commenced our New material business in 2011, revenue grew by over 60% in current year. New material is still under prototype stage and hence the profit margin is still relatively low, but this could help us to explore new opportunity to develop green building business in future.

### **Overseas business opportunities**

Revenue outside Mainland China accounted for approximately 4.7% of our total revenue in 2012. Overseas revenue mainly is came from some sizable government projects in Macau, with revenue over RMB130 million. We are also in the process of submitting tenders in Macau, Hong Kong and other South East Asian countries.

## BUSINESS AND FINANCIAL REVIEW

### Revenue

The following table set out the breakdown of revenue:

	Year ended 31 December	
	2012	2011
	<i>RMB' million</i>	<i>RMB' million</i>
Conventional curtain walls		
– Public work	381.9	403.5
– Commercial and industrial buildings	748.7	436.8
– High-end residential buildings	92.2	140.9
	<u>1,222.8</u>	<u>981.2</u>
BIPV		
– Public work	320.0	458.3
– Commercial and industrial buildings	752.0	367.7
	<u>1,072.0</u>	<u>826.0</u>
Total Construction Contracts	<u>2,294.8</u>	<u>1,807.2</u>
Sale of goods		
– Curtain wall materials	260.5	255.7
– Renewable energy goods	514.5	325.3
– New material business	20.1	12.9
	<u>795.1</u>	<u>593.9</u>
Total sale of goods	795.1	593.9
Sale of electricity	4.5	2.0
Rendering of design and other services	3.1	3.1
	<u>3,097.5</u>	<u>2,406.2</u>

## Gross profit and gross profit margin

	2012		2011	
	<i>RMB million</i>	%	<i>RMB million</i>	%
Construction contracts				
– Conventional curtain walls	187.7	15.4	147.6	15.0
– BIPV	380.6	35.5	278.6	33.7
	<u>568.3</u>	24.7	<u>426.2</u>	23.6
Sale of goods				
– Curtain wall materials	45.2	17.3	47.5	18.6
– Renewable energy goods	133.5	25.9	101.2	31.1
– New materials	1.1	5.5	3.7	28.7
	<u>179.8</u>	22.6	<u>152.4</u>	25.7
Sale of electricity	–	–	0.4	20.0
Rendering of design and other services	1.1	35.5	1.6	51.6
Overall gross profit margin	<u>749.2</u>	24.2	<u>580.6</u>	24.1

## BIPV business

### Income

	2012	2011
	<i>RMB million</i>	<i>RMB million</i>
BIPV revenue as reported above	1,071.9	826.0
A 3.1MW project recorded in other income	–	20.0
Total BIPV related income	<u>1,071.9</u>	<u>846.0</u>

### Gross profit

BIPV profit as reported above	380.1	278.6
A 3.1MW project recorded in other income	–	20.0
Total BIPV related gross profit	<u>380.1</u>	<u>298.6</u>

<i>Margin</i>	35.5%	35.3%
---------------	-------	-------

The Group's revenue increased by RMB691.3 million or 28.7%, from RMB2,406.2 million in 2011 to RMB3,097.5 million in 2012. Gross profit of the Group increased by RMB168.6 million or 29.0%, from RMB580.6 million in 2011 to RMB749.1 million in 2012.

- 1) The Group's conventional curtain wall business record a stable growth of RMB241.6 million or 24.6%, from RMB981.2 million in 2011 to RMB1,222.8 million in 2012, especially in commercial sector. We put more focus on second tier cities during the year. The demand for new commercial buildings still high because of the increasing need for modernization.

Gross profit from conventional curtain walls increased from RMB147.6 million to RMB187.7 million. Gross profit margin remains stable at 15.4% in 2012 (2011: 15.0%).

- 2) We have achieved a quite a good growth in our BIPV business in 2012. Revenue from BIPV increased by RMB246.0 million or 29.8%, from RMB826.0 million in 2011 to RMB1,072.0 million in 2012.

BIPV revenue grew significantly in commercial sectors. BIPV revenue from commercial sector increased by RMB384.3 million or 104.5%. The rapid increase in commercial demand was because of the drop in system cost and the attractive investment return. In the past few years, the Mainland China government launched a number of policies to simulate the solar application and our BIPV business recorded a very high growth rate. We believe that the Mainland China government will continue to support downstream solar application and solar application will continue to be the main revenue driver of the Group.

Gross profit for BIPV business increased by RMB102 million 36.6%.

- 3) Sales of goods increased by 33.9%, from RMB593.9 million in 2011 to RMB795.0 million in 2012. Sale of goods comprises sale of conventional materials; sale of renewable energy goods and sale of New materials.

Sale of conventional materials increased slightly by RMB4.8 million or 1.9%. Gross profit margin in 2012 was 17.3% (2011: 18.6%).

Sale of renewable energy goods increased by RMB189.2 million or 58.2%. Sale of renewable energy goods comprises sale of BIPV materials, sale of solar thermal collectors and heat pump and other solar related products. Gross margin dropped to 25.9% (2011: 31.3%).

- 4) In 2011, we also started New material business. We use an electricity-conductive material called Indium Tin Oxide ("ITO") and it will become transparent when electricity is connected. Our New material business included ITO film and ITO embedded glass, while the transparency of ITO embedded glass is adjustable by switching the power. We believe that the introduction of New material could help us to create opportunity on high-end curtain wall and to improve profit margin. New material revenue increased by RMB7.2 million or 55%.

- 5) Our first smart-grid demonstration project in Dong-Ao Island commenced operation in 2010. Sale of electricity income during the year was RMB4.5 million. This is a very good show case project to draw public's interest on how a smart-grid network operate and to show them the benefits of smart-grid. We believe that the smartgrid technology will bring us new business opportunities in foreseeable future.

## Revenue and profit contribution from different business sectors:

### Revenue split

	2012		2011	
	<i>RMB</i> <i>million</i>	%	<i>RMB</i> <i>million</i>	%
Conventional business	<b>1,486.4</b>	<b>48.0</b>	1,240.0	51.1
Renewable energy business	<b>1,591.0</b>	<b>51.4</b>	1,173.3*	48.4
New material business	<b>20.1</b>	<b>0.6</b>	12.9	0.5
		<b>100</b>		<b>100</b>

### Profit split

	2012		2011	
	<i>RMB</i> <i>million</i>	%	<i>RMB</i> <i>million</i>	%
Conventional business	<b>234.0</b>	<b>31.2</b>	196.7	32.8
Renewable energy business	<b>514.1</b>	<b>68.6</b>	400.2*	66.6
New material business	<b>1.1</b>	<b>0.2</b>	3.7	0.6
		<b>100</b>		<b>100</b>

\* The 2011 figures included a RMB20 million recorded under other income.

The Group's conventional business grew by about 19.9% and renewable energy business grew by 35.6%. Renewable energy business, together with new material business, accounted for about 52% of the group's total revenue (2011: 48.9%). In 2012, renewable energy business and new material business accounted for about 68.8% of the group's gross profit (2011: 67.2%).

### Other income and gains

Other income and gains mainly represented government subsidy and interest income from banks.

### Selling and distribution expenses

Selling and distribution expenses increased by RMB13.3 million or 27.7%. The increase in selling and distribution expense was mainly caused by the increase in staff costs, 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 in other items were consistent with our business growth.

## Administrative expenses

Administrative expenses increased by RMB36.0 million or 22.4%. The increase in administrative expenses was again mainly driven by the increase in staff costs, depreciation, research expense and other business related expenses.

## Other expenses

Other expenses is stable comparing with 2011.

## Finance costs

The Group's finance costs increased by RMB52.8 million. Total bank loans amounted to RMB1,206.4 million as at 31 December 2012 (2011: 665.6 million). The increase in loans raised and the use of discounted bills inside Mainland China drove up the interest expense.

## Income tax expense

Income tax expense included RMB73.5 million of taxation charge and RMB19.7 million of deferred tax charge. Taxation charged increased by RMB13.1 million comparing with 2011.

Provision for corporate tax dropped from RMB79.4 million in 2011 to RMB73.5 million in 2012. The decrease is because some subsidiaries started to enjoy a preferential tax rate of 15% in 2012.

Deferred tax included RMB20.7 million (2011: RMB17.9 million) of deferred tax charges, it represented provision for dividend withholding tax based on 5% of net profit on our operating subsidiaries located inside Mainland China.

In 2011, the Group received RMB134.9 million of government subsidy on the roof top solar farm on top of our new production base in Hunan. Such government subsidy will initially be recognized as deferred income as at 31 December 2011, RMB20.0 million was released as income due to the completion of a 3.1MW roof top solar farm. The tax implication of the remaining balance of RMB114.9 represented a RMB17.2 million of deferred tax assets. The net deferred tax impact was a deferred tax charge of RMB0.7 million.

## Strong current ratio

The current ratio being current assets over current liabilities, was 1.45 as at 31 December 2012 (2011: 1.3).

## Trade and bills receivables/trade and bills payables turnover days

	At 31 December 2012	At 31 December 2011
Turnover days	<i>Days</i>	<i>Days</i>
Trade receivables	134	134
Trade payables	63	37



Trade and bills receivables turnover days is calculated based on the average of the beginning and ending balance of trade and bills receivables, net of impairment, for the year divided by the revenue during the year and multiplied by the number of days during the year. Trade and bills receivables turnover days at 31 December 2012 was 134 days. Trade and bills payables turnover days is calculated based on the average of the beginning and ending balance of trade and bills payables for the year divided by the cost of sales during the year. Trade and bills payables turnover days at 31 December 2012 was 63 days, an improvement is noted when comparing with 2011. The Group will continue to put effort to improve the trade and bills receivable turnover days for better operating cash flow.

### **Liquidity and financial resources**

The Group's primary source of funding included the cashflow generated from operating activities and newly raised bank loans. At 31 December 2012, the Group had approximately RMB698.1 million of cash and cash equivalents and approximately RMB1,206.4 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 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. Gearing ratio, represented by consolidated net borrowings (total bank loans minus cash and cash equivalents) to total equity at 31 December 2012 was 27.5% (2011: 22.9%).

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 year ended 31 December 2012 amounted to approximately RMB335.9 million and it was mainly used in the construction of factory premises of a new production base in Zhuhai. Capital expenditures in 2011 was RMB1,079.3 million and was mainly comprise additions in plant and machinery and factory premises in Hunan new production base, as well as additions of new land use rights and the construction in progress for a new production centre in Zhuhai.

### **Borrowings and bank facilities**

The outstanding borrowings comprised bank loans of RMB1,206.4 million with effective interest rates ranging from Hong Kong Inter Bank Offered Rate ("HIBOR") + 0.95% to HIBOR + 3.75% for loans in Hong Kong, and ranging from 4.78%-7.87% for loans inside Mainland China.

As at 31 December 2012, the Group had total banking facilities of RMB2,258.6 million. We utilised RMB1,206.7 million as bank loans and RMB520.4 million were utilised as trade financing activities (including letter of credits, bills, performance bond etc). The remaining banking facilities RMB531.5 million were limit for arranging trade financing.

### **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 reporting period to a reasonably possible change in the HK\$ and US\$ 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.

	<b>Increase/ (decrease) in foreign currency rate %</b>	<b>Increase/ (decrease) in profit before tax RMB'000</b>
2012		
If RMB weakens against HK\$	<b>5</b>	(2,976)
If RMB strengthens against HK\$	<b>(5)</b>	2,976
If RMB weakens against US\$	<b>5</b>	182
If RMB strengthens against US\$	<b>(5)</b>	(182)
If RMB weakens against Euro	<b>5</b>	3
If RMB strengthens against Euro	<b>(5)</b>	(3)

### **Credit risk**

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

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Moreover, as the Group's exposure spreads over a diversified portfolio of customers, there is no significant concentration of credit risk.

### **Liquidity risk**

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

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

### **Dividend**

The Directors of the Company proposed a final dividend of HK\$0.07 per share (2011: HK\$0.04 per share). The Company is in rapid expansion stage, the actual dividend payout ratio in each year will depend on the actual performance of the Group, the general industry and economic environment.

## **Closure of register of members**

The register of members will be closed from Friday, 24 May 2013 to Tuesday, 28 May 2013, both days inclusive. In order to entitle to the attendance of the forthcoming annual general meeting of the Company, all share transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, namely Tricor Investor Services Limited at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 23 May 2013.

The Company's register of members will be closed from Friday, 31 May 2013 to Monday, 3 June 2013 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to qualify for the proposed final dividend and the proposed bonus issue, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars and transfer office in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 30 May 2013.

Cheques for final dividend (subject to approval in the annual general meeting mentioned above) will be dispatched to the shareholders of the Company on or before Wednesday, 10 July 2013.

## **HUMAN RESOURCES**

As at 31 December 2012, the Group had about 2,100 employees. Employee salary and other benefit expenses increased to approximately RMB119.7 million in 2012 from approximately RMB99.9 million in 2011, which represented an increase of 19.8%. This is because the Group additionally recruited more than 300 staffs during the years to meet with the rapid business growth. The Group's remuneration policies are formulated on the performance of individual employees, which will be reviewed regularly every year. Apart from provident fund scheme (according to the provisions of Mandatory Provident Fund Schemes for Hong Kong employees) or the state-managed retirement pension scheme (for Mainland China employees) and medical insurance, discretionary bonus are also awarded to employees according to the assessment of individual performance.

## **CORPORATE GOVERNANCE**

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Company and its subsidiaries (the "Group") so as to achieve effective accountability. The Directors consider that for the year ended 31 December 2012, the Company has applied the principles and complied with the former and revised code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except for the deviation from 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, it is beneficial to the business prospects of the Group. Therefore Mr. Liu Hongwei is performing 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 for the year ended 31 December 2012.

### **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 consolidated results and the results announcement for the year ended 31 December 2012.

### **Purchase, sales 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 year.

## **Publication of Results Announcement**

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

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

Hong Kong, 25 March 2013

*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.*