



**Key Data**

Share price (HK\$)	3.40
52Wk H/L(HK\$)	4.17 / 2.28
Issued shares (mn)	630.8
Market cap (HK\$m)	2,144.6
30-day avg vol (HK\$m)	3.64
Major shareholder (%):	
Strong Eagle Holdings	38.3

Source: Company, Bloomberg

**Revenue composition in 1HFY12 (%)**

<b>Construction contracts</b>	<b>77.7%</b>
Conventional curtain wall	38.3%
BIPV	39.5%
Sales of goods	22.1%
Rendering of design services	0.1%
Sale of electricity	0.2%

Source: Company

**Share performance (%)**

	Absolute	Relative*
1-mth	15.8	17.2
3-mth	5.3	1.0
6-mth	(5.9)	0.2

Source: Bloomberg

\*Relative to Hang Seng Index

**1 year price performance**



Source: Bloomberg

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**Singyes Solar (750 HK) – Unrated  
Construction and Engineering Industry**

**Major beneficiary of 12<sup>th</sup>-Five Year Plan Policy**

The newly announced 12<sup>th</sup>-Five Year Plan of Solar Industry gives hope on installation growth. We believe Singyes, which is a solar system installation service provider, will be the major beneficiary of the policy and will continue to outperform its peers.

**Potential upward revision of 12<sup>th</sup>-Five Year Plan target:** NEA announced the 12th-Five Year Plan for Solar Industry on 12 Sep. According to the Plan, by the end of 2015, installed solar power capacity will reach **more than 21GW**, with annual generation volume of 25,000GWh. Specifically, installed capacity will be 10GW for photovoltaic (PV) power plants, 1GW for solar thermal generation, and 10GW for BIPV projects (distributed PV generation system). Based on Rmb10,000/kW for construction of PV power plants and Rmb15,000/kW for distributed PV system, total investment will reach around Rmb250bn in coming 3 years.

**Project pipeline.** As a BIPV producer, Singyes is set to benefit from the policy. The BIPV business of the group generated Rmb175.3 GP in 1H2012, up 55.0% YoY. In May, the group secured 150MW of projects under the Golden Sun program and 16MW under the Solar Roof Top program, these projects will start to make revenue contribution in 2H2012. BIPV projects will continue to be the major growth driver of the group.

**Outperformer of the industry.** Singyes registered NP of Rmb135.9mn in 1H2012, up 24.8% YoY. As a downstream player in the industry, the group yielded much higher profitability than upstream players that generally recorded losses in 1H2012 due to price war in the upstream solar products. We believe Singyes will continue to outperform its peers.

**Outlook.** With dropping production costs, we believe the group will be the major beneficiary of the planned installation growth of the solar industry. The stock is trading at 1HFY12 1.06x PB, with annualized 1HFY12 ROAE of 17.1%.

**Results and valuation**

(FY ended Dec 31)	FY07A	FY08A	FY09A	FY10F	FY11F
<b>Revenue (Rmb mn)</b>	605	903	1,247	1,782	2,406
<i>YoY Chg (%)</i>	45.7	49.4	38.1	42.9	35.0
<b>Net Income (Rmb mn)</b>	70	103	151	216	291
<i>YoY Chg (%)</i>	129.0	47.2	46.0	43.3	34.4
<b>FD EPS (Rmb)</b>	-	0.242	0.292	0.441	0.517
<i>YoY Chg (%)</i>	-	-	20.9%	50.8%	17.3%
<b>NBV (Rmb/share)</b>	-	1.01	1.68	2.13	2.90
<b>PE (x)</b>	-	-	-	-	5.3
<b>PB (x)</b>	-	-	-	-	0.9
<b>ROAA (%)</b>	20.4	21.3	18.0	15.1	12.4
<b>ROAE (%)</b>	31.0	29.5	24.1	23.2	22.7
<b>Net D/E (%)</b>	12.2	Net Cash	Net Cash	5.6	22.9

\*We assume Rmb1 = HK\$1.23; Source: Company, Bloomberg, ABCI Securities



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### Definition of equity rating

Rating	Definition
Buy	Stock return $\geq$ Market return rate
Hold	Market return - 6% $\leq$ Stock return < Market return rate
Sell	Stock return < Market return - 6%

Stock return is defined as the expected % change of share price plus gross dividend yield over the next 12 months

Time horizon of share price target: 12-month

### Definition of share price risk

Rating	Definition
Very high	$2.6 \leq 180 \text{ day volatility} / 180 \text{ day benchmark index volatility}$
High	$1.5 \leq 180 \text{ day volatility} / 180 \text{ day benchmark index volatility} < 2.6$
Medium	$1.0 \leq 180 \text{ day volatility} / 180 \text{ day benchmark index volatility} < 1.5$
Low	$180 \text{ day volatility} / 180 \text{ day benchmark index volatility} < 1.0$

We measure share price risk by its volatility relative to volatility of benchmark index. Benchmark index: Hang Seng Index.

Volatility is calculated from the standard deviation of day to day logarithmic historic price change. The 180-day price volatility equals the annualized standard deviation of the relative price change for the 180 most recent trading days closing price.

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