

**Cut FY14F Earnings Forecast by 15%**

**Lower than expected EPC and BOT disposal volumes in FY14.** We met Singyes Solar( 750HK)'s management recently and found its solar farm's EPC and BOT disposal volumes may be less than expected this year. Weak EPC volume was mainly due to lower DG volume accomplished. However, lower EPC volume may be offset by higher solar system shipment. We lowered its FY14 EPC and BOT disposal volume to 345MW and 10MW, respectively. We maintain EPC volume assumption in FY15 unchanged. Singyes has started construction 50MW EPC solar farm for Rainbow Fine Chemical(002256 CH).

**Another 200MW BOT volume in FY15.** The 200MW BOT projects started in FY14 are mainly solar farms, including 60MW in Gansu and 30MW in Xinjiang. Management expects a YoY flat BOT volume in FY15. Part of the proceeds from recent CB and senior note issuance would support coming BOT construction. Singyes targets a less than 60% net gearing level, compared to 40% by 1H14.

**We expect a stronger FY15 ahead.** We fine-tuned our operational assumptions and cut FY14F EPS by 15% to mainly reflect lower contribution from solar farm disposal this year. Singyes is trading at 11.5x/7.7x FY14F/FY15F PER. We expect China's new PV installation in FY15 could grow ~20% from relative low FY14 base and Singyes should be one of the key beneficiaries of market boom. We remain HK\$ 16.60 target price unchanged, which corresponds to 9.8x FY15F PER. We maintain 'Accumulate' investment recommendation.

**Major downside risk includes:** Faster than expected profit margins erosion. Lower than expected EPC volume accomplishment.

**Financials**

	<b>FY13A</b>	<b>FY14F</b>	<b>FY15F</b>	<b>FY16F</b>
Revenue growth	34.0%	43.6%	21.9%	9.4%
Gross margin	23.8%	22.4%	22.9%	21.8%
EBITDA margin	18.2%	18.1%	21.5%	20.9%
EBIT margin	16.6%	16.2%	19.4%	18.5%
Net profit margin	11.8%	10.5%	12.7%	12.1%
Interest Coverage (x)	6.2	5.4	6.7	6.7
Net gearing ratio	25.2%	52.5%	31.0%	15.8%
Current ratio (x)	1.5	1.7	1.9	2.2

Source: Company data, CSCI estimates

**Singyes Solar**  
**(0750.HK)**

Rating	Accumulate(Unchanged)
Target Price	HK\$ 16.60(Unchanged)
Price	HK\$ 13.06
Upside	25%

**Market data** **26/10/2014**

52-wk range(HK\$): 15.28/7.32

Market cap.(HK\$ mn): 9,262.7

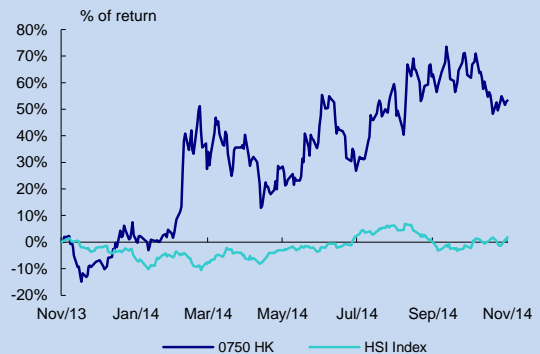
Shares out. (mn): 695.4

**Major shareholders:**

Chairman Liu and other five founders/ MGT 35.5%

Avg. Daily Vol.(000): 4,684.5

Valuation	13A	14F	15F	16F
EPS (RMB)	0.752	0.900	1.321	1.296
PE (x)	13.6	11.5	7.7	7.8
PB (x)	2.7	2.3	1.8	1.6
EV/EBITDA (x)	11.1	7.9	5.4	5.0

**Stock rel HSI performance (%)**

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**Table 1: Major Assumptions of Singyes Solar (0750 HK)**

	Old Est.			New Est.			%		
	2014F	2015F	2016F	2014F	2015F	2016F	2014F	2015F	2016F
<b>Solar EPC Volume(MW)</b>	<b>370</b>	<b>582</b>	<b>715</b>	<b>345</b>	<b>582</b>	<b>715</b>	<b>-7%</b>	<b>0%</b>	<b>0%</b>
Distributed Generation	228	375	488	131	375	488	-42%	0%	0%
Utility-scale	143	207	227	214	207	227	50%	0%	0%
<b>Solar EPC ASP(RMB/W)</b>	<b>7.4</b>	<b>7.0</b>	<b>6.7</b>	<b>7.1</b>	<b>6.5</b>	<b>6.3</b>	<b>-5%</b>	<b>-6%</b>	<b>-6%</b>
Distributed Generation	7.1	6.8	6.6	6.8	6.4	6.2	-5%	-5%	-5%
Utility-scale	7.9	7.3	6.9	7.3	6.7	6.4	-8%	-8%	-8%
<b>EPC Gross Margin(%)</b>	<b>27.8%</b>	<b>24.5%</b>	<b>21.7%</b>	<b>28.1%</b>	<b>24.5%</b>	<b>21.7%</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>
Distributed Generation	29.0%	26.0%	23.0%	30.0%	26.0%	23.0%	1.0	0.0	0.0
Utility-scale	26.0%	22.0%	19.0%	27.0%	22.0%	19.0%	1.0	0.0	0.0
<b>Solar BOT Construction Volume(MW)</b>	<b>200</b>	<b>246</b>	<b>290</b>	<b>200</b>	<b>200</b>	<b>260</b>	<b>0%</b>	<b>-19%</b>	<b>-10%</b>
Distributed Generation	120	150	180	50	100	150	-58%	-33%	-17%
Utility-scale	80	96	110	150	100	110	88%	4%	0%
<b>Solar BOT Disposal Volume(MW)</b>	<b>100</b>	<b>165</b>	<b>200</b>	<b>10</b>	<b>150</b>	<b>220</b>	<b>-90%</b>	<b>-9%</b>	<b>10%</b>
Distributed Generation	50	100	125	10	90	120	-80%	-10%	-4%
Utility-scale	50	65	75	0	60	100	-100%	-8%	34%
<b>Solar BOT Volume On Hand(MW)</b>	<b>280</b>	<b>361</b>	<b>452</b>	<b>370</b>	<b>420</b>	<b>460</b>	<b>32%</b>	<b>16%</b>	<b>2%</b>
Distributed Generation	170	220	275	140	150	180	-18%	-32%	-35%
Utility-scale	110	141	177	230	270	280	109%	91%	59%

Source: the Company, CSCI

**Table 2: Peers Comparison**

Company	Stock Code	Currency	Last price	PE				PB				ROE(%)	D/Y(%)	Market Cap
				13A	14F	15F	16F	13A	14F	15F	16F	14F	14F	HKD
<b>EPC</b>														
China Singyes Solar Tech	750 HK	HKD	13.32	8.1	10.6	8.4	7.6	1.6	2.2	1.8	1.5	22.9	0.9	9,262.7
Shanghai Aerospace Automob-A	600151 CH	CNY	10.18	71.3	33.1	22.2	16.0	2.8	3.1	2.8	2.5	7.5	0.2	16,079.7
Power Construction Corp Of-A	601669 CH	CNY	4.2	6.5	8.7	7.8	6.9	0.9	1.1	0.9	0.9	12.4	3.5	51,306.1
Zhejiang Chint Electrics-A	601877 CH	CNY	28.70	16.3	16.1	13.6	11.7	4.8	4.7	3.8	3.1	31.4	3.7	36,560.3
Zhongli Science And Tech-A	002309 CH	CNY	19.98	46.4	18.3	13.3	12.2	3.0	3.0	2.6	2.2	12.9	n.a.	14,345.8
Xinyi Solar Holdings Ltd	968 HK	HKD	2.30	21.8	26.4	14.8	12.4	3.9	4.0	3.4	2.7	16.9	1.3	13,984.0
Simple Average				28.41	18.8	13.3	11.1	2.84	3.04	2.55	2.12	17.34	1.93	23,589.77
Mkt-cap Weighted Avg.				22.06	16.2	12.2	10.3	2.67	2.82	2.36	1.97	17.94	2.45	33,310.23
<b>Polysilicon/wafer</b>														
Gcl-Poly Energy Holdings Ltd	3800 HK	HKD	2.13	n.a.	14.9	10.7	8.8	2.3	1.8	1.6	1.4	12.2	0.7	32,991.9
Oci Co Ltd	010060 KS	KRW	93,500.00	n.a.	n.a.	21.5	12.2	1.6	0.8	0.8	0.7	(0.3)	0.4	15,607.4
Wacker Chemie Ag	WCH GR	EUR	97.67	1,607.6	29.9	29.7	19.7	1.8	2.1	2.0	1.9	7.1	0.9	49,351.7
Sun Edison Inc	SUNE US	USD	22.67	n.a.	n.a.	n.a.	n.a.	15.0	42.4	n.a.	n.a.	(254.5)	0.0	47,639.3
Rec Silicon Asa	REC NO	NOK	2.77	n.a.	n.a.	135.	22.6	1.0	0.9	0.9	0.9	7.3	0.0	7,297.6
Tbea Co Ltd-A	600089 CH	CNY	10.31	21.4	16.4	12.0	10.7	1.9	1.6	1.5	1.3	10.4	1.6	42,206.5
Daqo New Energy Corp-Adr	DQ US	USD	32.24	7.8	9.6	5.4	3.9	1.8	1.3	1.0	0.8	13.3	n.a.	2,234.6
Au Optronics Corp	2409 TT	TWD	14.35	21.2	8.9	8.3	10.0	0.6	0.8	0.7	0.7	8.7	2.0	34,644.5
Tianjin Zhonghuan Semicond-A	002129 CH	CNY	22.19	232.3	92.5	50.4	n.a.	4.7	n.a.	n.a.	n.a.	n.a.	n.a.	29,262.6
Xian Longji Silicon Materia-A	601012 CH	CNY	18.75	118.5	33.9	19.9	14.0	2.8	3.1	2.6	2.2	8.8	0.2	12,757.5
Comtec Solar Systems Group	712 HK	HKD	1.17	54.5	23.7	16.0	24.4	1.0	0.7	0.7	0.8	3.7	0.6	1,628.4
Simple Average				294.76	28.7	30.9	14.0	3.14	5.56	1.31	1.18	(18.33)	0.71	
Mkt-cap Weighted Avg.				324.32	22.3	20.7	9.60	4.33	8.50	1.07	0.97	(37.87)	0.77	
<b>Cell/module</b>														
First Solar Inc	FSLR US	USD	51.04	12.7	19.1	11.5	12.6	1.2	1.1	1.0	0.9	5.5	0.0	39,666.6

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Sunpower Corp	SPWR US	USD	29.12	58.8	21.2	21.7	15.6	3.1	3.0	2.7	2.4	12.9	0.0	29,659.0
Canadian Solar Inc	CSIQ US	USD	27.22	56.3	6.9	5.6	5.3	3.9	1.9	1.3	1.0	37.9	0.0	11,587.6
Trina Solar Ltd-Spon Adr	TSL US	USD	10.62	n.a.	12.8	8.6	8.1	1.2	0.8	0.8	0.8	7.6	0.0	7,585.7
Yingli Green Energy Hold-Adr	YGE US	USD	2.88	n.a.	n.a.	73.8	18.8	9.4	23.0	44.3	19.2	(167.7)	0.0	4,059.7
Jinkosolar Holding Co-Adr	JKS US	USD	24.63	205.5	8.6	6.6	5.7	2.4	1.5	1.2	1.0	22.6	n.a.	5,876.1
Ja Solar Holdings Co Ltd-Adr	JASO US	USD	9.20	n.a.	8.6	6.0	5.6	0.5	0.5	0.5	0.4	6.5	n.a.	3,086.2
Renesola Ltd-Adr	SOL US	USD	2.12	n.a.	n.a.	7.3	6.1	2.1	1.3	1.1	1.0	(0.3)	n.a.	1,671.2
Hanwha Solarone Co -Spon Adr	HSOL US	USD	1.83	n.a.	n.a.	n.a.	n.a.	0.8	n.a.	n.a.	n.a.	n.a.	n.a.	1,297.0
Simple Average				83.30	12.8	17.6	9.72	2.73	4.14	6.61	3.33	(9.37)	0.00	
Mkt-cap Weighted Avg.				39.30	15.6	15.2	11.6	2.43	2.54	3.17	2.01	5.46	0.00	
<b>Solar farm</b>														
Shunfeng Photovoltaic Intl	1165 HK	HKD	6.78	n.a.	35.8	17.3	8.9	5.8	n.a.	n.a.	n.a.	n.a.	n.a.	16,559.4
United Photovoltaics Group L	686 HK	HKD	0.95	n.a.	33.9	24.4	9.5	11.8	1.3	1.1	1.0	(18.8)	n.a.	4,143.2
Gcl New Energy Holdings Ltd	451 HK	HKD	4.80	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solarcity Corp	SCTY US	USD	56.85	n.a.	n.a.	n.a.	n.a.	8.4	9.3	10.2	14.1	(37.6)	n.a.	42,325.7
Jiangsu Akcome Science & T-A	002610 CH	CNY	19.51	320.7	53.0	22.3	13.5	2.3	3.5	2.8	2.2	8.6	1.0	8,935.6
Huabei Expressway Co Ltd-A	000916 CH	CNY	5.63	14.0	19.8	16.3	16.1	0.9	1.4	1.4	1.3	6.6	1.4	7,753.4
Simple Average				167.35	35.6	20.0	12.0	5.84	3.87	3.87	4.64	(10.30)	1.22	
Mkt-cap Weighted Avg.				37.31	17.0	8.95	5.43	6.61	5.54	5.90	7.89	(19.31)	0.25	

Source: Bloomberg, CSCI

**Financial Statements and Ratios**

Income Statement						Financial Ratio					
	2012A	2013A	2014F	2015F	2016F		2012A	2013A	2014F	2015F	2016F
Year end Dec (RMB mn)						Revenue growth (%)	28.7%	34.0%	43.6%	21.9%	9.4%
<b>Revenue</b>	<b>3,098</b>	<b>4,151</b>	<b>5,959</b>	<b>7,266</b>	<b>7,947</b>	Operating profit growth (%)	33.9%	41.0%	39.7%	46.6%	4.0%
Cost of sales	(2,348)	(3,162)	(4,627)	(5,601)	(6,218)	Net profit growth (%)	13.0%	49.3%	27.4%	47.8%	3.9%
<b>Gross profit</b>	<b>749</b>	<b>988</b>	<b>1,332</b>	<b>1,666</b>	<b>1,729</b>	Adjusted EPS growth (%)	-8.5%	44.3%	19.8%	46.7%	-1.9%
Other income	21	77	24	197	242	Dividend payout (%)	11.2%	9.6%	20.0%	25.0%	30.0%
Selling expenses	(61)	(76)	(113)	(138)	(151)	Gross profit margin (%)	24.2%	23.8%	22.4%	22.9%	21.8%
G&A expenses	(197)	(219)	(252)	(284)	(321)	EBITDA margin (%)	17.5%	18.2%	18.1%	21.5%	20.9%
<b>EBITDA(adjusted)</b>	<b>543</b>	<b>757</b>	<b>1,078</b>	<b>1,562</b>	<b>1,658</b>	Operating profit margin (%)	15.8%	16.6%	16.2%	19.4%	18.5%
Total D&A	54	67	115	150	190	Net profit margin (%)	10.6%	11.8%	10.5%	12.7%	12.1%
<b>EBIT(adjusted)</b>	<b>489</b>	<b>689</b>	<b>963</b>	<b>1,412</b>	<b>1,468</b>	ROE (%)	17.8%	18.9%	19.6%	22.9%	19.2%
Financial expense - Net	(89)	(111)	(180)	(210)	(220)	ROA (%)	8.1%	7.8%	7.7%	11.0%	10.5%
<b>Profit before tax</b>	<b>420</b>	<b>627</b>	<b>783</b>	<b>1,202</b>	<b>1,248</b>	Net gearing(x)	27.6%	25.2%	52.5%	31.0%	15.8%
Tax expense	(93)	(136)	(165)	(276)	(287)	Net debt/total assets (%)	12.5%	10.4%	20.5%	14.9%	8.6%
Profit after tax	327	491	619	926	961	Inventory turnover days	9.9	8.8	20.0	20.0	20.0
Minority interest	(2)	0	(6)	2	2	Account receivable days	151.0	158.4	120.0	100.0	100.0
<b>Net profit</b>	<b>329</b>	<b>491</b>	<b>625</b>	<b>924</b>	<b>959</b>	Account payable days	80.1	149.2	105.0	90.0	80.0
<b>EPS (Basic) - RMB</b>	<b>0.521</b>	<b>0.752</b>	<b>0.900</b>	<b>1.321</b>	<b>1.296</b>	Current ratio (x)	1.4	1.5	1.7	1.9	2.2
DPS- RMB	0.070	0.090	0.180	0.330	0.389	Quick ratio (x)	1.2	1.1	1.2	1.3	1.6
						Interest coverage (x)	5.5	6.2	5.4	6.7	6.7
Cash Flow Statement						Balance Sheet					
	2012A	2013A	2014F	2015F	2016F	Year end Dec (RMB mn)	2012A	2013A	2014F	2015F	2016F
Year end Dec (RMB mn)						Fixed assets	1,545	2,680	3,754	4,061	4,267
Net income	329	491	625	924	959	Others	152	154	159	164	169
Depreciation& amortization	54	67	115	150	190	<b>Non current assets</b>	<b>1,697</b>	<b>2,834</b>	<b>3,913</b>	<b>4,225</b>	<b>4,435</b>
Changes in WC	(135)	82	(305)	(43)	(247)	Inventories	63	77	254	307	341
Other adjustments	231	489	(193)	(3)	(175)	Account receivable	1,281	1,801	1,959	1,991	2,177
<b>Cash from Operations</b>	<b>479</b>	<b>1,129</b>	<b>243</b>	<b>1,028</b>	<b>728</b>	Cash & cash equivalents	698	895	1,073	872	1,192
Capital expenditures	(364)	(1,332)	(1,236)	(1,199)	(1,487)	Others	323	694	952	992	1,035
Other investing activities	(175)	(105)	6	179	222	<b>Current assets</b>	<b>2,366</b>	<b>3,467</b>	<b>4,237</b>	<b>4,162</b>	<b>4,745</b>
<b>Cash from investing</b>	<b>(540)</b>	<b>(1,437)</b>	<b>(1,230)</b>	<b>(1,020)</b>	<b>(1,265)</b>	Bank & other borrowings	917	870	999	655	578
Debt issue	541	344	1,196	(126)	(140)	Trade & payables	515	1,293	1,331	1,381	1,363
Dividends paid	(17)	(37)	(47)	(99)	(180)	Others	201	216	214	212	210
Other financing activities	(80)	199	16	16	1,177	<b>Current liability</b>	<b>1,634</b>	<b>2,378</b>	<b>2,544</b>	<b>2,248</b>	<b>2,151</b>
<b>Cash from financing</b>	<b>444</b>	<b>507</b>	<b>1,165</b>	<b>(209)</b>	<b>857</b>	Bank & other borrowings	289	681	817	536	473
Net change in Cash	383	198	178	(201)	320	Deferred income	230	555	583	554	526
Exchange Rate Adjustment	(1)	(1)	0	0	0	Others	58	87	1,021	1,026	1,031
Beginning Cash	315	698	895	1,073	872	<b>Non current liability</b>	<b>578</b>	<b>1,323</b>	<b>2,421</b>	<b>2,115</b>	<b>2,029</b>
Ending Cash	698	895	1,073	872	1,192	<b>Shareholders' equity</b>	<b>1,845</b>	<b>2,599</b>	<b>3,190</b>	<b>4,028</b>	<b>5,002</b>
						Minority interests	7	0	(6)	(4)	(2)
						<b>Total equity</b>	<b>1,852</b>	<b>2,599</b>	<b>3,184</b>	<b>4,024</b>	<b>5,000</b>

Source: the Company, CSCI

**Company Rating Definition**

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 12 months

<b>Buy</b>	Relative Performance >15%;
<b>Accumulate</b>	Relative Performance is 5% to 15%;
<b>Neutral</b>	Relative Performance is -5% to 5%;
<b>Reduce</b>	Relative Performance is -5% to -15%;
<b>Sell</b>	Relative Performance is <-15%;

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