

Unaudited Financial Statements for the Second Quarter Ended 30 June 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2018

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)						Actual (WITHOUT financial effects of Convertible Bonds)					
	Second quarter ended			Six months ended			Second quarter ended			Six months ended		
	30 June 2018	30 June 2017	% change	30 June 2018	30 June 2017	% change	30 June 2018	30 June 2017 (Restated)	% change	30 June 2018	30 June 2017	% change
Revenue	598,119	375,924	59.11	1,219,608	719,075	69.61	598,119	375,924	59.11	1,219,608	719,075	69.61
Cost of sales	(485,623)	(291,179)	66.78	(974,609)	(547,640)	77.97	(485,623)	(291,179)	66.78	(974,609)	(547,640)	77.97
Gross profit	112,496	84,745	32.75	244,999	171,435	42.91	112,496	84,745	32.75	244,999	171,435	42.91
Other operating income	9,084	5,214	74.22	17,700	10,771	64.33	9,084	5,214	74.22	17,700	10,771	64.33
Selling and distribution expenses	(14,100)	(10,212)	38.07	(22,957)	(19,064)	20.42	(14,100)	(10,212)	38.07	(22,957)	(19,064)	20.42
Administrative expenses	(60,291)	(40,765)	47.90	(119,675)	(80,409)	48.83	(60,291)	(40,765)	47.90	(119,675)	(80,409)	48.83
Exchange loss	(13,269)	(1,591)	734.00	(19,653)	(5,172)	279.99	5,125	(10,804)	(147.44)	(14,101) ⁽²⁾	(10,804) ⁽²⁾	30.52
Other operating expenses	(6,158)	(2,084)	195.49	(8,352)	(2,849)	193.16	(6,158)	(2,084)	195.49	(8,352)	(2,849)	193.16
Finance costs	(41,340)	(29,825)	38.61	(67,170)	(40,441)	66.09	(16,116)	(4,796)	236.03	(29,438)	(10,134)	190.49
Share of profit/(loss) of associate	(144)	-	100.00	(433)	-	100.00	(144)	-	100.00	(433)	-	100.00
Fair value gain/(loss) on Convertible Bonds	(64,708)	29,636	(318.34)	(13,580)	(75,400)	(81.99)	-	-	n.m.	-	-	n.m.
Profit/(loss) before income tax	(78,430)	35,118	(323.33)	10,879	(41,129)	(126.45)	29,896	21,298	40.37	67,743	58,946	14.92
Income tax expense	(4,580)	(4,332)	5.72	(10,529)	(11,398)	(7.62)	(4,580)	(4,332)	5.72	(10,529)	(11,398)	(7.62)
(Loss) / Profit for the period	(83,010)	30,786	(369.64)	350	(52,527)	(100.67)	25,316	16,966	49.22	57,214	47,548	20.33
Exchange difference on translation of foreign operation	118	(5)	(2,460.0)	39	(20)	(295.00)	118	(5)	(2,460.0)	39	(20)	(295.00)
Total comprehensive (loss)/income for the period	(82,892)	30,781	(369.30)	389	(52,547)	(100.74)	25,434	16,961	49.96	57,253	47,528	20.46

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)						Actual (WITHOUT financial effects of Convertible Bonds)					
	Second quarter ended			Six months ended			Second quarter ended			Six months ended		
	30 June 2018	30 June 2017	% change	30 June 2018	30 June 2017	% change	30 June 2018	30 June 2017	% change	30 June 2018	30 June 2017	% change
(Loss) / Profit for the period attributable to:												
Equity holders of the Company	(81,001)	31,990	(353.21)	1,367	(51,508)	(102.65)	27,325	18,170	50.39	58,231 ⁽²⁾	48,567 ⁽²⁾	19.9
Non-controlling interest	(2,009)	(1,204)	66.86	(1,017)	(1,019)	(0.20)	(2,009)	(1,204)	66.86	(1,017)	(1,019)	(0.20)
(Loss) / Profit for the period	(83,010)	30,786	(369.64)	350	(52,527)	(100.67)	25,316	16,966	49.22	57,214	47,548	20.03
Total comprehensive income/(loss) for the period attributable to:												
Equity holders of the Company	(80,883)	31,985	(352.88)	1,406	(51,528)	(102.73)	27,443	18,165	51.08	58,270	48,547	20.03
Non-controlling interest	(2,009)	(1,204)	66.86	(1,017)	(1,019)	(0.20)	(2,009)	(1,204)	66.86	(1,017)	(1,019)	(0.20)
(Loss) / Profit for the period	(82,892)	30,781	(369.30)	389	(52,547)	(100.74)	25,434	16,961	49.96	57,253	47,528	20.46

n.m. denotes not meaningful

Explanatory Notes for WITHOUT financial effects of Convertible Bonds:

- (1) Financial effects of Convertible Bonds consist of unrealised foreign exchange translation, amortised interest expenses (inclusive of interest charges) and fair value gain / (loss) of Convertible Bonds.
- (2) Included in the 1H2018 and 1H2017 is foreign exchange loss (net) of RMB 14.1 million and RMB 10.8 million respectively was foreign exchange translation loss of RMB 14.2 million and RMB 9.6 million arising from unutilised proceeds from the issuance of the Convertible Bonds on 3 March 2017. Hence, net profit attributable to equity holders (after excluding foreign exchange loss of unutilised Convertible Bonds) for 1H2018 and 1H2017 was RMB 72.5 million and RMB 58.2 million respectively, a 24.6 % increase from 1H2017. During 2Q2018, the Company transferred the unutilised proceeds from its USD account to a RMB account. Accordingly, there will be no further foreign exchange differences arising from the unutilised proceeds.

1(b)(i) Other information:

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)						Actual (WITHOUT financial effects of Convertible Bonds)					
	Second quarter ended			Six months ended			Second quarter ended			Six months ended		
	30 June 2018	30 June 2017	% change	30 June 2018	30 June 2017	% change	30 June 2018	30 June 2017	% change	30 June 2018	30 June 2017	% change
Depreciation expense	2,310	8,137	(71.61)	16,098	15,308	5.16	2,310	8,137	(71.61)	16,098	15,308	5.16
Amortisation of land use rights	832	440	89.09	1,793	1,008	77.88	832	440	89.09	1,793	1,008	77.88
Amortisation of intangible assets	2,253	245	819.59	8,915	490	1,719.39	2,253	245	819.59	8,915	490	1,719.39
Impairment allowance on trade and non-trade receivables	4,973	1,733	186.96	5,473	2,281	139.94	4,973	1,733	186.96	5,473	2,281	139.94
Reversal of impairment allowance on trade and non-trade receivables	(2,875)	(530)	442.45	(4,739)	(2,978)	59.13	(2,875)	(530)	442.45	(4,739)	(2,978)	59.13
(Gain)/Loss on disposal of property, plant and equipment	(44)	66	(166.67)	-	65	(100.00)	(44)	66	(166.67)	-	65	(100.00)
Employee share option expense	-	1,055	(100.00)	-	3,012	(100.00)	-	1,055	-	-	3,012	(100.00)
Foreign exchange loss/(gain) - net	13,269	1,591	734.00	19,653	5,172	279.99	(5,125)	7,934	(164.60)	14,101	10,804	30.52
Interest expense	41,340	29,825	38.61	67,170	40,441	66.09	16,116	4,796	236.03	29,438	10,134	190.49
Fair value (gain)/ loss on Convertible Bonds	64,708	(29,636)	(318.34)	13,580	75,400	(81.99)	-	-	n.m.	-	-	n.m.

n.m. denotes not meaningful

Other operating income comprises:

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)						Actual (WITHOUT financial effects of Convertible Bonds)					
	Second quarter ended			Six months ended			Second quarter ended			Six months ended		
	30 June 2018	30 June 2017	% change	30 June 2018	30 June 2017	% change	30 June 2018	30 June 2017	% change	30 June 2018	30 June 2017	% change
Government grant	1,692	1,363	24.14	6,082	2,235	172.13	1,692	1,363	24.14	6,082	2,235	172.13
Interest income	2,703	3,535	(23.54)	3,902	4,437	(12.06)	2,703	3,535	(23.54)	3,902	4,437	(12.06)
Gain on disposal of plant and equipment	1	-	100.00	1	48	(97.92)	1	-	100.00	1	48	(97.92)
Reversal of impairment allowance on trade and non-trade receivables	2,875	530	442.45	4,739	2,978	59.13	2,875	530	442.45	4,739	2,978	59.13
Others	1,813	497	285.71	2,976	1,073	177.35	1,813	(214)	285.71	2,976	1,073	177.35
Total	9,084	5,214	74.22	17,700	10,771	64.33	9,084	5,214	74.22	17,770	10,771	64.33

n.m. denotes not meaningful

*There is no difference for other operating income with and without financial effects of Convertible Bonds for second quarter and half year ended 30 June 2018.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

UNAUDITED STATEMENTS OF FINANCIAL POSITION

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)			
	Group		Company	
	(Unaudited) 30 June 2018	(Audited) 31 December 2017	(Unaudited) 30 June 2018	(Audited) 31 December 2017
ASSETS				
Current assets:				
Cash and cash equivalents	755,426	902,608	7,964	62,334
Pledged bank deposits	139,487	88,476	-	-
Trade receivables	1,312,060	1,264,156	-	-
Other receivables, deposits and prepayments	502,532	363,804	13,330	28,347
Inventories	393,861	342,762	-	-
Land use rights	4,878	4,594	-	-
Total current assets	<u>3,108,244</u>	<u>2,966,400</u>	<u>21,294</u>	<u>90,681</u>
Non-current assets:				
Land use rights	230,217	193,990	-	-
Property, plant and equipment	625,754	474,003	-	-
Other receivables, deposits and prepayments	21,336	23,804	43,083	29,603
Investment in unquoted equity	14,045	9,782	-	-
Investment in subsidiaries	-	-	1,069,744	951,902
Investment in associate	9,857	10,290	-	-
Intangible assets	1,399,044	1,283,726	-	-
Goodwill	33,722	24,114	-	-
Deferred tax assets	20,166	14,194	-	-
Total non-current assets	<u>2,354,141</u>	<u>2,033,903</u>	<u>1,112,827</u>	<u>981,505</u>
Total assets	<u>5,462,385</u>	<u>5,000,303</u>	<u>1,134,121</u>	<u>1,072,186</u>
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	1,657,845	1,376,195	-	-
Other payables	244,447	379,515	35,626	48,583
Borrowings	509,900	517,200	-	-
Income tax payable	30,467	33,099	-	-
Total current liabilities	<u>2,442,659</u>	<u>2,306,009</u>	<u>35,626</u>	<u>48,583</u>
Non-current liabilities:				
Deferred tax liabilities	45,621	36,401	-	-
Borrowings	782,249	567,616	99,249	6,616
Convertible bonds	737,977	687,256	737,977	687,256
Total non-current liabilities	<u>1,565,847</u>	<u>1,291,273</u>	<u>837,226</u>	<u>693,872</u>
Capital and reserves:				
Share capital	53,531	53,531	53,531	53,531
Share premium	266,938	266,938	266,938	266,938
General reserves	94,060	87,921	-	-
Share option reserve	15,839	15,839	15,839	15,839
Foreign currency translation reserve	(98)	124	-	-
Retained earnings (Accumulated losses)	828,796	837,546	(75,039)	(6,577)
Equity attributable to equity holders of the Company	<u>1,259,066</u>	<u>1,261,899</u>	<u>261,269</u>	<u>329,731</u>
Non-controlling interest	188,823	141,122	-	-
Total equity	<u>1,447,889</u>	<u>1,403,021</u>	<u>261,269</u>	<u>329,731</u>
Total liabilities and equity	<u>5,462,385</u>	<u>5,000,303</u>	<u>1,134,121</u>	<u>1,072,186</u>

(RMB'000)	Actual (WITHOUT financial effects of Convertible Bonds)			
	Group		Company	
	(Unaudited) 30 June 2018	(Audited) 31 December 2017	(Unaudited) 30 June 2018	(Audited) 31 December 2017
ASSETS				
Current assets:				
Cash and cash equivalents	755,426	902,608	7,964	62,334
Pledged bank deposits	139,487	88,476	-	-
Trade receivables	1,312,060	1,264,156	-	-
Other receivables, deposits and prepayments	502,535	363,804	13,330	28,347
Inventories	393,861	342,762	-	-
Land use rights	4,878	4,594	-	-
Total current assets	<u>3,108,244</u>	<u>2,966,400</u>	<u>21,294</u>	<u>90,681</u>
Non-current assets:				
Land use rights	230,217	193,990	-	-
Property, plant and equipment	625,754	474,003	-	-
Other receivables, deposits and prepayments	21,336	23,804	43,083	29,603
Investment in unquoted equity	14,045	9,782	-	-
Investment in subsidiaries	-	-	1,069,744	951,902
Investment in associate	9,857	10,290	-	-
Intangible assets	1,399,044	1,283,726	-	-
Goodwill	33,722	24,114	-	-
Deferred tax assets	20,166	14,194	-	-
Total non-current assets	<u>2,354,141</u>	<u>2,033,903</u>	<u>1,112,827</u>	<u>981,505</u>
Total assets	<u>5,462,385</u>	<u>5,000,295</u>	<u>1,134,121</u>	<u>1,072,186</u>
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	1,657,845	1,376,195	-	-
Other payables	244,447	364,272	29,636	33,340
Borrowings	509,900	517,200	-	-
Income tax payable	30,467	33,099	-	-
Total current liabilities	<u>2,442,659</u>	<u>2,290,766</u>	<u>29,636</u>	<u>33,340</u>
Non-current liabilities:				
Deferred tax liabilities	45,621	36,401	-	-
Borrowings	782,249	567,616	99,249	6,616
Convertible bonds liability	716,271	731,667	716,271	731,667
Total non-current liabilities	<u>1,544,141</u>	<u>1,335,684</u>	<u>815,520</u>	<u>738,283</u>
Capital and reserves:				
Share capital	53,531	53,531	53,531	53,531
Share premium	266,938	266,938	266,938	266,938
General reserves	94,060	87,921	15,839	-
Share option reserve	15,839	15,839	-	15,839
Foreign currency translation reserve	(98)	124	-	-
Accumulated profits/(losses)	856,492	808,378	(47,343)	(35,745)
Equity attributable to equity holders of the Company	<u>1,286,762</u>	<u>1,232,731</u>	<u>288,965</u>	<u>300,563</u>
Non-controlling interest	188,823	141,122	-	-
Total equity	<u>1,475,585</u>	<u>1,373,853</u>	<u>288,965</u>	<u>300,563</u>
Total liabilities and equity	<u>5,462,385</u>	<u>5,000,303</u>	<u>1,134,121</u>	<u>1,072,186</u>

1(b) (ii) Aggregate amount of group borrowings and debt securities

Amount repayable in one year or less, or on demand

(RMB'000)	As at 30 June 2018		As at 31 December 2017	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>156,500</u>	<u>353,400</u>	<u>192,200</u>	<u>325,000</u>

Amount repayable after one year

(RMB'000)	As at 30 June 2018		As at 31 December 2017	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>646,000</u>	<u>136,249</u>	<u>543,000</u>	<u>24,616</u>

Details of any collaterals:

<u>Collaterals</u>	30 June 2018	31 December 2017
	RMB'000	RMB'000
Land use rights and buildings of a subsidiary	639,000	640,200
Pledge of shareholding	<u>163,500</u>	<u>-</u>

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2018

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)			
	Second quarter ended		Six months ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Operating activities				
(Loss) / Profit before income tax	(78,430)	35,118	10,879	(41,129)
Adjustments for:				
Depreciation expense	16,098	8,137	29,886	15,308
Amortisation of intangible assets	8,915	245	15,577	490
Interest expense	41,340	29,825	67,170	40,441
Amortisation of land use rights	1,793	440	2,754	1,008
Share of (profit) / loss of associate	147	-	433	-
Loss on disposal of property, plant and equipment	-	66	44	65
Employee share option expense	-	1,055	-	3,011
Interest income	(2,680)	(3,535)	(3,879)	(4,437)
Impairment allowance on / (reversal of) trade and non-trade receivables - net	2,098	1,203	734	(697)
Exchange loss / (gain) on Convertible Bonds	18,394	(9,213)	5,552	(5,633)
Fair value loss / (gain) on Convertible Bonds	64,708	(29,636)	13,580	75,400
Operating cash flows before movements in working capital	72,383	33,705	142,730	83,827
Trade receivables	(58,015)	(157,888)	(24,519)	(103,967)
Other receivables, deposits and prepayments	(63,241)	(85,910)	(127,482)	(106,961)
Inventories	30,521	(7,836)	(39,641)	(43,118)
Trade payables	48,956	302,742	113,128	318,187
Other payables	88,207	7,565	38,792	(34,279)
Cash generated from operations	118,811	92,378	103,008	113,689
Income tax paid	(10,355)	(410)	(19,147)	(9,962)
Interest received	2,680	3,535	3,879	4,437
Interest paid	(16,115)	(4,796)	(46,802)	(10,134)
Net cash from operating activities	95,021	90,707	40,938	98,030
Investing activities				
Purchase of property, plant and equipment	(3,726)	(8,478)	(26,675)	(15,973)
Prepayment for build-operate-transfer ("BOT") projects	2,261	(10,024)	-	(14,818)
Acquisition of land use rights	(197)	(3,333)	(2,215)	(3,333)
Acquisition of intangible assets	(10,495)	(276,347)	(108,514)	(405,400)
Proceeds from disposal of property, plant and equipment	-	5	102	125
Payment of deferred consideration relating to acquisition of subsidiaries	(81,420)	12,740	(191,420)	12,740
Net cash used in investing activities	(93,577)	(285,437)	(328,722)	(426,659)
Financing activities				
Proceeds from new borrowings	371,133	125,000	520,533	728,000
Contribution from minority interest	-	-	25,480	-
(Payment for) / Proceed from Convertible Bonds	-	(38)	-	731,746
Repayment of borrowings	(225,000)	(75,000)	(350,200)	(278,500)
Pledged bank deposits	(33,894)	21,016	(51,011)	(23,330)
Payment of dividend	(4,239)	(3,541)	(4,239)	(3,541)
Net cash from financing activities	108,000	67,437	140,563	1,154,375
Net increase / (decrease) in cash and cash equivalents	109,444	(127,293)	(147,221)	825,747
Cash and cash equivalents at beginning of period	645,864	1,234,302	902,608	281,277
Effects of foreign exchange rate changes	118	(5)	39	(20)
Cash and cash equivalents at end of period	755,426	1,107,004	755,426	1,107,004

(RMB'000)	Actual (WITHOUT financial effects of Convertible Bonds)			
	Second quarter ended		Six months ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Operating activities				
Profit before income tax	29,896	26,041	67,743	58,946
Adjustments for:				-
Depreciation expense	16,098	8,137	29,886	15,308
Amortisation of intangible assets	8,915	245	15,577	490
Interest expense	16,116	53	29,438	10,134
Amortisation of land use rights	1,793	440	2,754	1,008
Share of loss of associate	147	-	433	-
Loss on disposal of property, plant and equipment	-	66	44	65
Employee share option expense		1,055	-	3,011
Interest income	(2,680)	(3,535)	(3,879)	(4,437)
Impairment allowance on / (reversal of) trade and non-trade receivables-net	2,098	1,203	734	(697)
Operating cash flows before movements in working capital	72,383	33,705	142,730	83,828
Trade receivables	(58,015)	(157,888)	(24,519)	(103,967)
Other receivables, deposits and prepayments	(63,241)	(85,910)	(127,482)	(106,961)
Inventories	30,521	(7,836)	(39,641)	(43,118)
Trade payables	48,956	302,742	113,128	318,187
Other payables	88,207	7,565	38,792	(34,279)
Cash generated from operations	118,811	92,378	103,008	113,690
Income tax paid	(10,355)	(410)	(19,147)	(9,962)
Interest received	2,680	3,535	3,879	4,437
Interest paid	(16,115)	(4,796)	(46,802)	(10,134)
Net cash from operating activities	95,021	90,707	40,938	98,031
Investing activities				
Purchase of property, plant and equipment	(3,726)	(8,478)	(26,675)	(15,973)
Prepayment for build-operate-transfer ("BOT") projects	2,261	(10,024)	-	(14,818)
Acquisition of land use rights	(197)	(3,333)	(2,215)	(3,333)
Acquisition of intangible assets	(10,495)	(276,347)	(108,514)	(405,400)
Proceeds from disposal of property, plant and equipment	-	5	102	125
Payment of deferred consideration relating to acquisition of subsidiaries	(81,420)	12,740	(191,420)	12,740
Net cash used in investing activities	(93,577)	(285,437)	(328,722)	(426,659)
Financing activities				
Proceeds from new borrowings	371,133	125,000	520,533	728,000
Contribution from minority interest	-	-	25,480	-
(Payment for) / Proceed from Convertible Bonds	-	(38)	-	731,746
Repayment of borrowings	(225,000)	(75,000)	(350,200)	(278,500)
Pledged bank deposits	(33,894)	21,016	(51,011)	(23,330)
Payment of dividend	(4,239)	(3,541)	(4,239)	(3,541)
Net cash from financing activities	108,000	67,437	140,563	1,154,375
Net increase / (decrease) in cash and cash equivalents at beginning of period	109,444	(127,293)	(147,221)	825,747
Effects of foreign exchange rate changes	118	(5)	39	(20)
Cash and cash equivalents at end of period	755,426	1,107,004	755,426	1,107,004

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Actual (WITH financial effects of Convertible Bonds)									
<u>Group</u>	Share capital	Share Premium	General reserves	Share option reserve	Foreign currency translation reserve	Accumulated profits	Equity attributable to equity holders of the Company	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2017	53,531	266,938	70,508	12,828	261	713,976	1,118,042	25,693	1,143,735
Adoption of SFRS(I)-1	-	-	-	-	(261)	261	-	-	-
Balance at January 1, 2017	53,531	266,938	70,508	12,828	-	714,237	1,118,042	25,693	1,143,735
<u>Total comprehensive income for January to March 2017</u>									
Profit for January to March 2017	-	-	-	-	-	(83,498)	(83,498)	185	(83,313)
Other comprehensive income for January to March 2017	-	-	-	-	(15)	-	(15)	-	(15)
Total	-	-	-	-	(15)	(83,498)	(83,513)	185	(83,328)
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	3,506	-	-	(3,506)	-	-	-
Employee share option expense	-	-	-	1,956	-	-	1,956	-	1,956
Total	-	-	3,506	1,956	-	(3,506)	1,956	-	1,956
Balance at March 31, 2017	53,531	266,938	74,014	14,784	(15)	627,233	1,036,485	25,878	1,062,363
<u>Total comprehensive income for April to June 2017</u>									
Profit for April to June 2017	-	-	-	-	-	31,990	31,990	(1,204)	30,786
Other comprehensive income for April to June 2017	-	-	-	-	(5)	-	(5)	-	(5)
Total	-	-	-	-	(5)	31,990	31,985	(1,204)	30,781
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	1,915	-	-	(1,915)	-	-	-
Dividend paid	-	-	-	-	-	(3,541)	(3,541)	-	(3,541)
Contribution from non-controlling interest holders	-	-	-	-	-	-	-	12,740	12,740
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-
Effects of acquiring part of non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-	-
Employee share option expenses	-	-	-	1,055	-	-	1,055	-	1,055
Total	-	-	1,915	1,055	-	(5,456)	(2,491)	12,740	10,254
Balance at June 30, 2017	53,531	266,938	75,929	15,839	(20)	653,767	1,065,984	37,414	1,103,398

Actual (WITH financial effects of Convertible Bonds)

<u>Group</u>	<u>Share capital</u>	<u>Share Premium</u>	<u>General reserves</u>	<u>Share option reserve</u>	<u>Foreign currency translation reserve</u>	<u>Accumulated profits</u>	<u>Equity attributable to equity holders of the Company</u>	<u>Non-controlling interest</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Balance at July 1, 2017	53,531	266,938	75,929	15,839	(20)	653,767	1,065,984	37,414	1,103,398
<u>Total comprehensive income for July to December 2017</u>									
Profit for July to December 2017	-	-	-	-	-	197,278	197,278	6,098	203,376
Other comprehensive income for July to December 2017	-	-	-	-	(117)	-	(117)	-	(117)
Total	-	-	-	-	(117)	197,278	197,161	6,098	203,259
<u>Transactions with owners, recognised directly in equity</u>									
Dividend paid	-	-	-	-	-	(852)	(852)	-	(852)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	(3,195)	(3,195)
Transfer to general reserve	-	-	12,386	-	-	(12,386)	-	-	-
Contribution from non-controlling interest holders	-	-	-	-	-	-	-	50,960	50,960
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	50,450	50,450
Effects of acquiring part of non-controlling interests in a subsidiary	-	-	(394)	-	-	-	(394)	(605)	(999)
Total	-	-	11,992	-	-	(13,238)	(1,246)	97,610	96,364
Balance at December 31, 2017	53,531	266,938	87,921	15,839	(137)	837,807	1,261,899	141,122	1,403,021
<u>Total comprehensive income for January to March 2018</u>									
Profit for January to March 2018	-	-	-	-	-	82,368	82,368	992	83,360
Other comprehensive income for January to March 2018	-	-	-	-	(79)	-	(79)	-	(79)
Total	-	-	-	-	(79)	82,368	82,289	992	83,281
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	2,469	-	-	(2,469)	-	-	-
Contribution from non-controlling interest holders	-	-	-	-	-	-	-	25,481	25,481
Total	-	-	2,469	-	-	(2,469)	-	25,481	25,481
Balance at March 31, 2018	53,531	266,938	90,390	15,839	(216)	917,706	1,344,188	167,595	1,511,783

Actual (WITH financial effects of Convertible Bonds)

<u>Group</u>	Share capital	Share Premium	General reserves	Share option reserve	Foreign currency translation reserve	Accumulated profits	Equity attributable to equity holders of the Company	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at April 1, 2018	53,531	266,938	90,390	15,839	(216)	917,706	1,344,188	167,595	1,511,783
<u>Total comprehensive income for April to June 2018</u>									
Profit for April to June 2018	-	-	-	-	-	(81,001)	(81,001)	(2,009)	(83,010)
Other comprehensive income for April to June 2018	-	-	-	-	118	-	118	-	118
Total	-	-	-	-	118	(81,001)	(80,883)	(2,009)	(82,892)
<u>Transactions with owners, recognised directly in equity</u>									
Dividends paid	-	-	-	-	-	(4,239)	(4,239)	-	(4,239)
Transfer to general reserve	-	-	3,670	-	-	(3,670)	-	-	-
Contribution from non-controlling interest holders	-	-	-	-	-	-	-	23,237	23,237
Total	-	-	3,670	-	-	(7,909)	(4,239)	-	(4,239)
Balance at June 30, 2018	53,531	266,938	94,060	15,839	(98)	828,796	1,259,066	188,823	1,447,889

Actual (WITHOUT financial effects of Convertible Bonds)

<u>Group</u>	Share capital	Share Premium	General reserves	Share option reserve	Foreign currency translation reserve	Accumulated profits	Equity attributable to equity holders of the Company	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January, 2017	53,531	266,938	70,508	12,828	261	713,976	1,118,042	25,693	1,143,735
Adoption of SFRS(I)-1	-	-	-	-	(261)	261	-	-	-
Balance at 1 January, 2017	53,531	266,938	70,508	12,828	-	714,237	1,118,042	25,693	1,143,735
<u>Total comprehensive income for January to March 2017</u>									
Profit for January to March 2017	-	-	-	-	-	30,397	30,397	185	30,582
Other comprehensive income for January to March 2017	-	-	-	-	(15)	-	(15)	-	(15)
Total	-	-	-	-	(15)	30,397	30,382	185	30,567
Transfer to general reserve	-	-	3,506	-	-	(3,506)	-	-	-
Employee share option expense	-	-	-	1,956	-	-	1,956	-	1,956
Total	-	-	3,506	1,956	-	(3,506)	1,956	-	1,956
Balance at March 31, 2017	53,531	266,938	74,014	14,784	(15)	741,128	1,150,380	25,878	1,176,258
<u>Transactions with owners, recognised directly in equity</u>									
Profit for April to June 2017	-	-	-	-	-	18,170	18,170	(1,204)	16,966
Other comprehensive income for April to June 2017	-	-	-	-	(5)	-	(5)	-	(5)
Total	-	-	-	-	(5)	18,170	18,165	(1,204)	16,961
<u>Transactions with owners, recognised directly in equity</u>									
Dividend paid	-	-	-	-	-	(3,541)	(3,541)	-	(3,541)
Transfer to general reserve	-	-	1,915	-	-	(1,915)	-	-	-
Contribution from non-controlling interest holders	-	-	-	-	-	-	-	12,740	12,740
Employee share option expense	-	-	-	1,055	-	-	1,055	-	1,055
Total	-	-	1,915	1,055	-	(5,456)	(2,486)	12,740	10,254
Balance at June 30, 2017	53,531	266,938	75,929	15,839	(20)	753,842	1,166,059	37,414	1,203,473

Actual (WITHOUT financial effects of Convertible Bonds)

<u>Group</u>	<u>Share capital</u>	<u>Share Premium</u>	<u>General reserves</u>	<u>Share option reserve</u>	<u>Foreign currency translation reserve</u>	<u>Accumulated profits</u>	<u>Equity attributable to equity holders of the Company</u>	<u>Non-controlling interest</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Balance at July 1, 2017	53,531	266,938	75,929	15,839	(20)	753,842	1,166,059	37,414	1,203,473
<u>Total comprehensive income for July to December 2017</u>									
Profit for July to December 2017	-	-	-	-	-	68,035	68,035	6,098	74,133
Other comprehensive income for July to December 2017	-	-	-	-	(117)	-	(117)	-	(117)
Total	-	-	-	-	(117)	68,035	67,918	6,098	74,016
<u>Transactions with owners, recognised directly in equity</u>									
Dividend paid	-	-	-	-	-	(852)	(852)	-	(852)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	(3,195)	(3,195)
Contribution from non-controlling interest holders	-	-	-	-	-	-	-	50,960	50,960
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	50,450	50,450
Effects of acquiring part of non-controlling interests in a subsidiary	-	-	(394)	-	-	-	(394)	(605)	(999)
Transfer to general reserve	-	-	12,386	-	-	(12,386)	-	-	-
Total	-	-	11,992	-	-	(13,238)	(1,246)	97,610	96,364
Balance at December 31, 2017	53,531	266,938	87,921	15,839	(137)	808,639	1,232,731	141,122	1,373,853
<u>Transactions with owners, recognised directly in equity</u>									
Profit for January to March 2018	-	-	-	-	-	30,906	30,906	992	31,898
Other comprehensive income for January to March 2018	-	-	-	-	(79)	-	(79)	-	(79)
Total	-	-	-	-	(79)	30,906	30,827	992	31,819
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	2,469	-	-	(2,469)	-	-	-
Contribution from non-controlling interest holders	-	-	-	-	-	-	-	25,481	25,481
Employee share option expense	-	-	-	-	-	-	-	-	-
Total	-	-	2,469	-	-	(2,469)	-	25,481	25,481
Balance at March 31, 2018	53,531	266,938	90,390	15,839	(216)	837,076	1,263,558	167,595	1,431,153

Actual (WITHOUT financial effects of Convertible Bonds)

<u>Group</u>	Share capital	Share Premium	General reserves	Share option reserve	Foreign currency translation reserve	Accumulated profits	Equity attributable to equity holders of the Company	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at April 1, 2018	53,531	266,938	90,390	15,839	(216)	837,076	1,263,558	167,595	1,431,153
<u>Total comprehensive income for April to June 2018</u>									
Profit for April to June 2018	-	-	-	-	-	27,325	27,325	(2,009)	25,316
Other comprehensive income for April to June 2018	-	-	-	-	118	-	118	-	118
Total	-	-	-	-	118	27,325	27,443	(2,009)	25,434
Transactions with owners, recognised directly in equity									
Transfer to general reserve	-	-	3,670	-	-	(3,670)	-	-	-
Dividend paid	-	-	-	-	-	(4,239)	(4,239)	-	(4,239)
Contribution from non-controlling interest holders	-	-	-	-	-	-	-	23,237	23,237
Total	-	-	3,670	-	-	(7,909)	(4,239)	23,237	18,998
Balance at June 30, 2018	53,531	266,938	94,060	15,839	(98)	856,492	1,286,762	188,823	1,475,585

Actual (WITH financial effects of Convertible Bonds)

<u>Company</u>	Share capital	Share premium	Share option reserve	Accumulated profits	Equity attributable to equity holders of the Company	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2017	53,531	266,938	12,828	(8,219)	325,078	325,078
Loss for the period, representing total comprehensive loss for January to March 2017	-	-	-	(116,945)	(116,945)	(116,945)
<u>Transactions with owners, recognized directly in equity</u>						
Employee share option expense	-	-	1,956	-	1,956	1,956
Balance at March 31, 2017	53,531	266,938	14,784	(125,164)	210,089	210,089
Gain for the period, representing total comprehensive gain for April to June 2017	-	-	-	8,186	8,186	8,186
<u>Transactions with owners, recognised directly in equity</u>						
Dividend paid	-	-	-	(3,541)	(3,541)	(3,541)
Employee share option expenses	-	-	1,055	-	1,055	1,055
Total	-	-	1,055	(3,541)	(2,486)	(2,486)
Balance at June 30, 2017	53,531	266,938	15,839	(120,519)	215,789	215,789
Gain for the period, representing total comprehensive gain for July to December 2017	-	-	-	114,794	114,794	114,794
<u>Transactions with owners, recognised directly in equity</u>						
Dividend paid	-	-	-	(852)	(852)	(852)
Balance at December 31, 2017	53,531	266,938	15,839	(6,577)	329,731	329,731
Gain for the period, representing total comprehensive gain for January to March 2018	-	-	-	45,601	45,601	45,601
Balance at March 31, 2018	53,531	266,938	15,839	39,024	375,332	375,332
Gain for the period, representing total comprehensive gain for April to June 2018	-	-	-	(109,824)	(109,824)	(109,824)
<u>Transactions with owners, recognised directly in equity</u>						
Dividend paid	-	-	-	(4,239)	(4,239)	(4,239)
Balance at June 30, 2018	53,531	266,938	15,839	(75,039)	261,269	261,269

Actual (WITHOUT) financial effects of Convertible Bonds)

<u>Company</u>	Share capital	Share premium	Share option reserve	Accumulated profits	Equity attributable to equity holders of the Company	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January, 2017	53,531	266,938	12,828	(8,219)	325,078	325,078
Loss for the period, representing total comprehensive loss for January to March 2017	-	-	-	(3,050)	(3,050)	(3,050)
<u>Transactions with owners, recognized directly in equity</u>						
Employee share option expense	-	-	1,956	-	1,956	1,956
Balance at March 31, 2017	53,531	266,938	14,784	(11,269)	323,984	323,984
Gain for the period, representing total comprehensive gain for April to June 2017	-	-	-	(5,634)	(5,634)	(5,634)
<u>Transactions with owners, recognised directly in equity</u>						
Dividends paid	-	-	-	(3,541)	(3,541)	(3,541)
Employee share option expense	-	-	1,055	-	1,055	1,055
Total						
Balance at June 30, 2017	53,531	266,938	15,839	(20,444)	315,864	315,864
Gain for the period, representing total comprehensive gain for July to December 2017	-	-	-	(14,449)	(14,449)	(14,449)
Total	-	-	-	(852)	(852)	(852)
Balance at December 31, 2017	53,531	266,938	15,839	(35,745)	300,563	300,563
Gain for the period, representing total comprehensive gain for January to March 2018	-	-	-	(5,861)	(5,861)	(5,861)
Total	-	-	-	-	-	-
Balance at March 31, 2018	53,531	266,938	15,839	(41,606)	294,702	294,702
Gain for the period, representing total comprehensive gain for April to June 2018	-	-	-	(1,498)	(1,498)	(1,498)
Dividend paid	-	-	-	(4,239)	(4,239)	(4,239)
Total	-	-	-	-	-	-
Balance at June 30, 2018	53,531	266,938	15,839	(47,343)	288,965	288,965

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in share capital during the second quarter ended 30 June 2018 and 30 June 2017.

There were no outstanding convertibles or treasury shares held as at 31 December 2017 and 30 June 2018.

On 3 March 2017, the Company had completed the issuance of Convertible Bonds of an aggregate principal amount of US\$110 million which are convertible into fully paid ordinary shares in the capital of the Company (which will potentially represent approximately 28.2% to 51.4% of share capital on a diluted basis) to Glory Sky Vision Limited (ultimately indirectly and beneficially owned by CDH Fund V, L. P.). The Convertible Bonds will mature in March 2022.

Subsequently on 10 January 2018, Glory Sky transferred US\$ 60 million Convertible Bonds to DCP Capital Partners L.P. and DCP Group (together, "DCP"), as a result of which, DCP and CDH now holds US\$ 60 million and US\$ 50 million Convertible Bonds of the Company, respectively

1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The Company's total issued shares as at 30 June 2018, 31 December 2017 and 30 June 2017 was 737,657,142 ordinary shares.

There were no shares held as treasury shares as at 30 June 2018, 31 December 2017 and 30 June 2017.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

These figures have neither been audited nor reviewed.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current reporting period and year compared with the audited financial statements for the year ended 31 December 2017, except that the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 January 2018.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.**

In applying SFRS(I)-1, the Group elected to reset its cumulative translation difference for foreign operations to zero at the date of transition at 1 January 2017. As a result, an amount of RMB 261,000 of foreign currency translation reserve was reclassified to the opening retained earnings as at 1 January 2017.

Other than the effect of the matter as described above, the adoption of new and revised standards did not have any material effect on the profit or loss and financial position of the Group.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

(a) Based on the weighted average number of ordinary shares on issue; and

	Actual (WITH financial effects of Convertible Bonds)			
	Second quarter ended		Six months ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Net profit/ (loss) attributable to equity holders of the Group (RMB'000)	(81,001)	31,990	1,367	(51,508)
Weighted average number of ordinary shares outstanding ('000)	737,657	737,657	737,657	737,657
Earnings per share – <i>basic</i> (RMB cents)	(10.98)	4.34	0.19	(6.98)
	Actual (WITHOUT financial effects of Convertible Bonds)			
	Second quarter ended		Six months ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Net profit/ (loss) attributable to equity holders of the Group (RMB'000)	27,325	18,170	58,231	48,567
Weighted average number of ordinary shares outstanding ('000)	737,657	737,657	737,657	737,657
Earnings per share – <i>basic</i> (RMB cents)	3.70	2.46	7.89	6.58

Basic earnings per share for second quarter and half year ended 30 June 2018 and 30 June 2017 have been calculated based on the issued share capital of 737,657,142 ordinary shares respectively.

6 (b) On a fully diluted basis (detailing any adjustments made to the earnings)

	Actual (WITH financial effects of Convertible Bonds)			
	Second quarter ended		Six months ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Net profit/ (loss) attributable to equity holders of the Group (RMB'000)	(43,269)	57,019	51,607	(26,479)
Weighted average number of ordinary shares outstanding ('000)	1,094,470	1,097,601	1,094,470	993,416
Earnings per share – <i>diluted</i> (RMB cents)	(3.95)	5.19	4.72	(2.67)

	Actual (WITHOUT financial effects of Convertible Bonds)			
	Second quarter ended		Six months ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Net profit/ (loss) attributable to equity holders of the Group (RMB'000)	27,325	18,170	58,231	48,567
Weighted average number of ordinary shares outstanding ('000)	1,094,470	1,097,601	1,094,470	993,416
Earnings per share – <i>diluted</i> (RMB cents)	2.50	1.66	5.32	4.89

Diluted earnings per share for the above periods have been calculated assuming the outstanding convertibles have been converted at S\$ 0.50 and share options granted have been exercised during 2Q2018.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group			
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	(WITH financial effects of Convertible Bonds)		(WITHOUT financial effects of Convertible Bonds)	
Net asset value per share (RMB cents)	170.68	144.51	174.44	158.08

	Company			
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	(WITH financial effects of Convertible Bonds)		(WITHOUT financial effects of Convertible Bonds)	
Net asset value per share (RMB cents)	35.42	29.25	39.17	42.82

The net asset value per share for 30 June 2018 and 31 December 2017 have been computed based on shareholders' equity as at these dates and the existing share capital of 737,657,142 ordinary shares as at 30 June 2018 and 31 December 2017.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **Any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

The Group's performance for the second quarter ended 30 June 2018 ("2Q2018") as compared to that of the second quarter ended 30 June 2017 ("2Q2017")

Based on actual financial performance WITH financial effects of Convertible Bonds

Revenue

The Group's revenue increased by approximately RMB 222.2 million or 59.1% from RMB 375.9 million in 2Q2017 to RMB 598.1 million in 2Q2018. This was attributed to the increase in (a) the Green Investment (GI) business revenue of RMB 86.2 million, contributed mainly from the Changrun and Xinyuan projects, and (b) the Manufacturing and Services (M&S) revenue of RMB 136.0 million due to the increase in order book.

Gross Profit

Gross profit increased by approximately RMB 27.8 or 32.7% from RMB 84.7 million in 2Q2017 to RMB 112.5 million in 2Q2018. The increase was mainly attributable to the increased revenue contributions from GI and M&S segments. Gross profit margin decreased from 22.5% for 2Q2017 to 18.8% for 2Q2018 mainly due to higher raw material prices experienced in the manufacturing business.

Profit before Income Tax

Profit before tax decreased by RMB 113.5 million from RMB 35.1 million in 2Q2017 to a loss before tax of RMB 78.4 million in 2Q2018 due mainly to the following factors:

- (a) Increase in fair value loss on Convertible Bonds of RMB 94.4 million between 31 March 2018 and 30 June 2018;
- (b) Increase in administrative expenses of RMB 19.5 million caused mainly by the increase in personnel expenses of RMB 15.8 million and increase in depreciation expense of RMB 2.6 million arising from the expansion of the GI business;

- (c) Increase in foreign exchange loss of RMB 11.7 million due to unutilized Convertible Bonds;
- (d) Increase in finance costs of RMB 11.5 million due to accrued effective interest of Convertible Bonds and interest expense from GI projects that are in operation.

Income Tax Expense

Excluding the non-tax deductible effect of the Convertible Bonds, the effective tax rate for 2Q2018 would have been 15.3%.

Profit for the Financial Period

As a result of the above, the Group's net profit attributable to the shareholders decreased by RMB 112.9 million from a profit of RMB 32.0 million in 2Q2017 to a loss of RMB 81.0 million in 2Q2018.

- (b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of the Group's Financial Position

Based on the statement of financial position WITH financial effects of Convertible Bonds

The Group's total current assets increased by RMB 141.8 million or 4.8% from RMB 2,966.4 million as at 31 December 2017 to RMB 3,108.2 million as at 30 June 2018 mainly due to the following:

- (a) Increase in pledged bank deposits of RMB 51.0 million as collaterals were mainly required for the credit facilities granted;
- (b) Increase in trade receivables of RMB 47.9 million arising mainly from increase in trade receivables of RMB 101.7 million which was offset against the decrease in notes receivables with third parties of RMB 54.2 million.

Approximately 33.4 % and 3.3 % of the trade receivables at 31 December 2017 and 30 June 2018 respectively were collected as at 31 July 2018. Most of the trade receivables are due from customers that are state-owned enterprises, listed companies or multinational corporations. Overall, the Group's customers are credit-worthy but payments remain slow due to tightening credit in China;

- (c) Increase in other receivables and prepayments of RMB 138.7 million mainly due to the increase in advance payment for purchases to fulfil the orders on hand as at 30 June 2018;

- (d) Increase in inventories of RMB 51.1 million primarily due to an increase in work-in-progress of RMB 56.1 million for project use, offset by a decrease in raw materials and consumables of RMB 5.0 million; and

The above increase was mitigated by the following:

- (e) Decrease in cash and cash equivalents of RMB 147.2 million, mainly due to the usage of funds for BOT and GI projects.

The Group's total non-current assets increased by RMB 320.2 million or 15.7% from RMB 2,033.9 million as at 31 December 2017 to RMB 2,354.1 million as at 30 June 2018 caused mainly by the following:

- (a) Increase in property, plant and equipment of RMB 151.8 million mainly resulting from acquisition of GI project;
- (b) Increase in lease premium for land of RMB 36.2 million due to acquisition of GI project; and
- (c) Increase in intangible assets of RMB 115.3 million due to service concession arrangements relating to "BOT, BOO, TOT" projects on hand as at 30 June 2018.

The Group's total current liabilities increased by RMB 142.6 million or 6.2% from RMB 2,306.0 million as at 31 December 2017 to RMB 2,448.6 million as at 30 June 2018 mainly due to:

- (a) Increase in trade payables of RMB 281.6 million as a result of the aggregate increase in customer advances and trade payables with outside parties of RMB 328.6 million, offset by the decrease in notes payables with third parties of RMB 47.0 million; and

The above increase was mitigated by:

- (b) Decrease in other payables of RMB 129.1 million as a result of the aggregate decrease in accruals and accrued payroll costs of RMB 129.6 million.

The Group's total non-current liabilities increased by approximately RMB 274.6 million from RMB 1,291.3 million as at 31 December 2017 to RMB 1,565.8 million as at 30 June 2018 mainly due to:

- (a) Increase in long term borrowings of approximately RMB 214.6 million to finance the acquisition of GI projects; and
- (b) Increase in fair value of Convertible Bonds of RMB 50.7 million in 2Q2018. *Please refer to Section 8 Financial Effects of Convertible Bonds.*

Review of the Group's cash flow statement for the second quarter ended 30 June 2018

Based on the cash flow statement WITH financial effects of Convertible Bonds

Net cash generated from operating activities amounted to approximately RMB 95.0 million, primarily due to operating cash flows before movements in working capital of approximately RMB 72.4 million that were derived from:

- (a) Decrease in trade receivables of RMB 58.0 million, decrease in other receivables and prepayments of RMB 63.2 million and increase in inventories of RMB 30.5 million;
- (b) Increase in trade payables of RMB 49.0 million and increase in other payables of RMB 88.2 million; and
- (c) Interest and tax paid of RMB 26.5 million in aggregate.

Net cash used in investing activities amounted to RMB 93.6 million mainly due to an increase in expenditure on intangible assets of RMB 10.5 million and the considerations paid for acquisition of subsidiaries of RMB 81.4 million.

Net cash generated from financing activities amounted to RMB 108.0 million due to cash inflow arising from the proceeds from new borrowings of RMB 371.1 million, which was offset by the repayment of borrowings and pledged bank deposits of RMB 225.0 million and RMB 33.9 million respectively.

Use of Proceeds from Convertible Bonds

On 3 March 2017, the Company completed the issuance of convertible bonds of an aggregate principal amount of US\$ 110 million ("**Convertible Bonds**"), which are convertible into fully paid ordinary shares in the capital of the Company to Glory Sky Vision Limited ("Glory Sky", ultimately indirectly and beneficially owned by CDH Fund V, L.P.). The Convertible Bonds will mature in March 2022.

Subsequently on 10 January 2018, Glory Sky transferred US\$ 60 million Convertible Bonds to DCP, as a result of which, DCP and CDH now holds US\$ 60 million and US\$ 50 million Convertible Bonds of the Company, respectively.

The net proceeds raised from the Convertible Bonds is approximately US\$ 106.2 million after deducting the transaction expenses of US\$3.8 million. The net proceeds have been and will be utilised for the expansion and further investment into Green Investments business, including by way of BOT/BOO/TOT models of centralised steam and electricity projects and other environmental protection related projects.

As at 6 August 2018, the Company has utilised an aggregate of US\$ 57.0 million of the net proceeds as per schedule below.

Project	Use of Convertible Bonds Proceeds	Amount ⁽¹⁾
Shantou	Project construction and equipment procurement	US\$ 17.4 million (approximately RMB 112.7 million)
Liutuan	Registered capital	US\$ 0.7 million (approximately RMB 4.5 million)
Jining JVC	Installation of steam distribution pipeline	US\$ 1.6 million (approximately RMB 10.3 million)
Xinjiang	Registered capital	US\$ 0.5 million (approximately RMB 3.0 million)
Yingtian	Registered capital	US\$ 0.1 million (approximately RMB 0.5 million)
Shandong Yangguang Institute	Purchase consideration of the acquisition	US\$ 4.3 million (approximately RMB 28.0 million)
Xinyuan Thermal Power	Purchase consideration of the acquisition	US\$ 12.5 million (approximately RMB 80.7 million)
Xintai Zhengda Thermolectric	Purchase consideration of the acquisition and construction of new facilities	US\$ 14.9 million (approximately RMB 96.4 million)
General	Administrative and general expenses for business expansion of Green Investment related business	US\$ 5.1 million (approximately RMB 33.2 million)
Total Convertible Bonds Proceeds utilized		US\$ 57.0 million (approximately RMB 369.3 million)
Balance of Convertible Bonds Proceeds available for use		US\$ 49.2 million* (approximately RMB 318.9 million)

*Note: The balance of Convertible Bonds proceeds has already been committed in the investment of the GI project

Each of the above utilisation of the proceeds from the Convertible Bonds is consistent with the intended use as disclosed in the Company's circular to shareholders dated 13 February 2017.

Financial Effects of Convertible Bonds

Convertible Bonds were issued on 3 March 2017 with the carrying amount of the Convertible Bonds currently stated at fair value as at 31 March 2017. In accordance with SFRS(I), the financial effects on profit or loss associated with the issuance of compound financial instruments are as follows: (i)

fair value change arising from fair valuation relating to the conversion option and (ii) amortised interest charge relating to the amortised cost liability component of the Convertible Bonds. The fair value change is an accounting treatment arising from the compliance with the accounting standards and has no cash flow effect and no financial impact on the performance targets in relation to the Convertible Bonds as stipulated in the Convertible Bonds Agreement stated in the circular dated 13 February 2017.

The fair value change of the Convertible Bonds and the related financial effects to the statement of profit or loss and other statements have no operational effects to the financial performance of the Group. Financial effects of Convertible Bonds consist of unrealised foreign exchange translation, amortised interest expenses (inclusive of interest charges) and fair value gain / (loss) of Convertible Bonds. Excluding the financial effects of the Convertible Bonds, net profit attributable to equity holders of the Company increased by RMB 9.1 million or 51.1% from RMB 18.2 million in 2Q2017 to RMB 27.3 million in 2Q2018.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There is no variance between the actual results and the forecast, or prospect statement previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group achieved notable growth in top and bottom line in 1H 2018, primarily driven by the increased contributions from the Green Investments (GI) segment. Group revenue rose 69.6% YoY to RMB1,219.6 million, and EBITDA grew by 69.3% YoY to RMB 145.4 million resulting in the underlying net profit increased by RMB14.3 million or 24.6% YoY to RMB 72.5 million. Revenue and EBITDA generated by the five operating GI projects in 1H2018 totalled RMB 211.6 million and RMB 60.6 million, respectively. The net present value (NPV) of long-term GI cash flows is expected to exceed considerably the current EBITDA contributions.

Sunpower remained focused on building a sizeable GI portfolio in 1H 2018 as its value creator and growth driver, and has taken concrete steps closer to its target of having GI contributing the bulk of its underlying value. The Group has entered into the final stage of completing the acquisition of Yongxing Plant at an attractive valuation multiple, and this acquisition is expected to contribute positively to revenue and net profit immediately upon completion in FY2018. To-date, the Group has invested and committed a total of RMB 1.3 billion equity investment in building up its GI portfolio including Yongxing Plant, and is on track to invest a total of approximately RMB 2.5 billion in equity. This GI portfolio is expected to deliver substantial NPV based on the recurring cash flows to the Group over the 30-year concession period.

Sunpower believes that it has established a unique competitive edge in its GI business, riding on the favourable policy trend in China, and will continue to benefit from the long-term sustainable growth of GI, on the back of:

- 1) Fundamental demand – Increasingly stringent enforcement of smog-related policies by the government has forced industrial users that previously operated their own “dirty” steam boilers to switch to “clean” centralized steam providers such as Sunpower;
- 2) Exclusive steam supplier – Sunpower operates its GI plants on typically 30-year concessions (with right of first refusal to renew) which makes them the exclusive steam suppliers in industrial parks;
- 3) Industrial park expansion – The organic expansion of factories in the industrial parks will also bring in incremental demand for Sunpower’s steam products as more factories are required to be concentrated in industrial parks;
- 4) Proprietary technology – The Group is able to reduce temperature and pressure loss that lowers operating costs beyond industry norms, and cover a larger area through its long-distance steam distribution pipelines, allowing it to achieve economies of scale faster; and
- 5) Strong long-term capital support – Investments/commitments of US\$ 180 million, through two CB issues, by CDH and DCP, two of the most renowned and experienced PE funds in China.

Meanwhile, the M&S segment remains an integral pillar of growth for the Group, recording strong revenue growth of 40% YoY to RMB1.0 billion in 1H 2018, buoyed by a robust order book. As at 30 June 2018, the total orders secured from external customers on hand amounted to approximately RMB2.0 billion, after taking into account contract deliveries in 1Q2018. The Group’s proven track record in providing quality equipment and services has garnered a large base of reputable customers that includes BASF, BP, Shell, CNOOC, CNPC, SINOPEC etc. Moreover, Sunpower’s 70% repeat customer base has become one of the key sources for its record order book which has laid a solid foundation for its outlook in FY2018 and beyond.

Moving forward, the Group will continue to focus its efforts on building up a sizeable and valuable GI portfolio and it believes that its strong capital position and experienced management team will allow it to accelerate this process to take advantage of its first-mover leadership until it forms the bulk of the underlying value of the Group. In the near-term, the Group expects that the continued ramping up of its GI projects, new customer securement and contributions from Yongxing Plant as well other potential M&A contributions will benefit its performance in 2H 2018.

11. If a decision regarding dividend has been made:

(a) *Whether an interim (final) ordinary dividend has been declared (recommended)*

None.

(b) (i) *Amount per share in cents*

(ii) Previous corresponding period in cents

None.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).***

Not applicable.

- (d) The date the dividend is payable.***

Not applicable.

- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.***

Not applicable.

- 12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended for the second quarter ended 30 June 2018.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have an Interested Person Transaction mandate.

- 14. Negative Confirmation Pursuant to Rule 705 (5).**

We do hereby confirm on behalf of the Board of Directors of the Company (“the Board”) that, to the best of our knowledge, nothing has come to the attention of the Board which may render the financial statements for the second quarter ended 30 June 2018 to be false or misleading in any material aspect.

- 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rules 720(1).**

The Company has obtained undertakings from all directors and executive officers.

For and on behalf of the
Board of Directors of
SUNPOWER GROUP LTD.

Guo Hong Xin
Executive Chairman

Ma Ming
Executive Director

BY ORDER OF THE BOARD

Ma Ming
Executive Director

14 August 2018