

## SUNPOWER GROUP LTD.

### Unaudited Financial Statements for the Second Quarter Ended 30 June 2017

#### 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 2017

(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 2017	30 June 2016	% change	30 June 2017	30 June 2016	% change	30 June 2017	30 June 2016	% change	30 June 2017	30 June 2016	% change
<b>Revenue</b>	375,924	392,628	(4.3)	719,075	684,017	5.1	375,924	392,628	(4.3)	719,075	684,017	5.1
Cost of sales	(291,179)	(290,208)	0.3	(547,640)	(511,284)	7.1	(291,179)	(290,208)	0.3	(547,640)	(511,284)	7.1
<b>Gross profit</b>	<b>84,745</b>	<b>102,420</b>	(17.3)	<b>171,435</b>	<b>172,733</b>	(0.8)	<b>84,745</b>	<b>102,420</b>	(17.3)	<b>171,435</b>	<b>172,733</b>	(0.8)
Other operating income	5,214	3,775	38.1	10,771	11,079	(2.8)	5,214	3,775	38.1	10,771	11,079	(2.8)
Selling and distribution expenses	(10,212)	(7,107)	43.7	(19,064)	(15,405)	23.8	(10,212)	(7,107)	43.7	(19,064)	(15,405)	23.8
Administrative expenses	(42,356)	(33,843)	25.2	(85,581)	(75,047)	14.0	(51,569)	(33,843)	52.4	(91,213)	(75,047)	21.5
Other operating expenses	(2,084)	(4,531)	(54.0)	(2,849)	(7,541)	(62.2)	(2,084)	(4,531)	(54.0)	(2,849)	(7,541)	(62.2)
Finance costs	(29,825)	(6,529)	356.8	(40,441)	(12,199)	231.5	(53)	(6,529)	(99.2)	(10,134)	(12,199)	(16.9)
Fair value gain/(loss) on Convertible Bonds	29,636	-	n.m.	(75,400)	-	n.m.	-	-	-	-	-	-
<b>Profit/(loss) before income tax</b>	<b>35,118</b>	<b>54,185</b>	(35.2)	<b>(41,129)</b>	<b>73,620</b>	(155.9)	<b>26,041</b>	<b>54,185</b>	(51.9)	<b>58,946</b>	<b>73,620</b>	(19.9)
Income tax expense	(4,332)	(9,106)	(52.4)	(11,398)	(13,287)	(14.2)	(4,332)	(9,106)	(52.4)	(11,398)	(13,287)	(14.2)
<b>Profit/(loss) for the period</b>	<b>30,786</b>	<b>45,079</b>	(31.7)	<b>(52,527)</b>	<b>60,333</b>	(187.1)	<b>21,709</b>	<b>45,079</b>	(51.8)	<b>47,548</b>	<b>60,333</b>	(21.2)
<b>Other comprehensive income</b>												
<i>Items that may be reclassified subsequently to profit or loss</i>												
Exchange difference on translation of foreign operation	(5)	17	(129.4)	(20)	34	(158.8)	(5)	17	(129.4)	(20)	34	(158.8)
<b>Total comprehensive income/(loss) for the period</b>	<b>30,781</b>	<b>45,096</b>	(31.7)	<b>(52,547)</b>	<b>60,367</b>	(187.1)	<b>21,704</b>	<b>45,096</b>	(51.9)	<b>47,528</b>	<b>60,367</b>	(21.3)

(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 2017	30 June 2016	% change	30 June 2017	30 June 2016	% change	30 June 2017	30 June 2016	% change	30 June 2017	30 June 2016	% change
Profit/(loss) for the period attributable to:												
Equity holders of the Company	31,990	40,451	(20.9)	(51,508)	56,471	(191.2)	22,913	40,451	(43.4)	48,567	56,471	(14.0)
Non-controlling interest	(1,204)	4,628	(126.0)	(1,019)	3,862	(126.4)	(1,204)	4,628	(126.0)	(1,019)	3,862	(126.4)
<b>Profit/(loss) for the period</b>	<b>30,786</b>	<b>45,079</b>	(31.7)	<b>(52,527)</b>	<b>60,333</b>	(187.1)	<b>21,709</b>	<b>45,079</b>	(51.8)	<b>47,548</b>	<b>60,333</b>	(21.2)
Total comprehensive income/(loss) for the period attributable to:												
Equity holders of the Company	31,985	40,468	(21.0)	(51,528)	56,505	(191.2)	22,908	40,468	(43.4)	48,547	56,505	(14.1)
Non-controlling interest	(1,204)	4,628	(126.0)	(1,019)	3,862	(126.4)	(1,204)	4,628	(126.0)	(1,019)	3,862	(126.4)
<b>Profit/(loss) for the period</b>	<b>30,781</b>	<b>45,096</b>	(31.7)	<b>(52,547)</b>	<b>60,367</b>	(187.1)	<b>21,704</b>	<b>45,096</b>	(51.9)	<b>47,528</b>	<b>60,367</b>	(21.3)

#### Explanatory Notes:

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.

1(a) (ii) 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 2017	30 June 2016	% change	30 June 2017	30 June 2016	% change	30 June 2017	30 June 2016	% change	30 June 2017	30 June 2016	% change
Depreciation expense	8,137	7,041	15.6	15,308	15,432	(0.8)	8,137	7,041	15.6	15,308	15,432	(0.8)
Amortisation of land use rights	440	353	24.7	1,008	706	42.8	440	353	24.7	1,008	706	42.8
Amortisation of intangible assets	245	245	-	490	490	-	245	245	-	490	490	-
Impairment allowance on trade and non-trade receivables	1,733	3,707	(53.3)	2,281	6,499	(64.9)	1,733	3,707	(53.3)	2,281	6,499	(64.9)
Reversal of impairment allowance on trade and non-trade receivables	(530)	(493)	7.5	(2,978)	(6,327)	(52.9)	(530)	(493)	7.5	(2,978)	(6,327)	(52.9)
Loss on disposal of property, plant and equipment	66	60	10.0	65	60	8.3	66	60	10.0	65	60	8.3
Employee share option expense	1,055	1,982	(46.8)	3,011	3,965	(24.1)	1,055	1,982	(46.8)	3,011	3,965	(24.1)
Foreign exchange loss/(gain) - net	2,302	3,645	(36.8)	5,172	(1,594)	n.m.	11,515	3,645	215.9	10,804	(1,594)	n.m.
Interest expense	29,825	6,529	356.8	40,441	12,199	231.5	53	6,529	(99.2)	10,134	12,199	16.9
Fair value (gain)/ loss on Convertible Bonds	(29,636)	-	n.m.	75,400	-	n.m.	-	-	-	-	-	-

**Note:**

Other operating income comprises:

(RMB'000)	Second quarter ended			Six months ended		
	30 June 2017	30 June 2016	% change	30 June 2017	30 June 2016	% change
Government grant	1,363	3,088	(55.9)	2,235	3,799	(41.2)
Interest income	3,535	60	n.m.	4,437	334	n.m.
Gain on disposal of plant and equipment	-	-	-	48	-	n.m.
Reversal of impairment allowance on trade and non-trade receivables	530	493	7.5	2,978	6,327	(52.9)
Reversal of foreign exchange (loss)/gain -net	(711)	(30)	n.m.	-	-	n.m.
Others	497	164	n.m.	1,073	619	73.3
Total	<u>5,214</u>	<u>3,775</u>	38.1	<u>10,771</u>	<u>11,079</u>	(2.8)

n.m. – 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 2017.\***

**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)	<b>Actual (WITH financial effects of Convertible Bonds)</b>			
	<b>Group</b>		<b>Company</b>	
	<b>(Unaudited) 30 June 2017</b>	<b>(Audited) 31 December 2016</b>	<b>(Unaudited) 30 June 2017</b>	<b>(Audited) 31 December 2016</b>
<b><u>ASSETS</u></b>				
<b>Current assets:</b>				
Cash and cash equivalents	1,107,004	281,277	103,326	3,522
Pledged bank deposits	92,548	69,218	-	-
Trade receivables	1,113,163	1,018,281	-	-
Other receivables, deposits and prepayments	258,074	117,650	14,762	14,764
Inventories	252,887	209,769	-	-
Land use rights	3,960	3,748	-	-
<b>Total current assets</b>	<b>2,827,636</b>	<b>1,699,943</b>	<b>118,088</b>	<b>18,286</b>
<b>Non-current assets:</b>				
Land use rights	169,723	170,466	-	-
Property, plant and equipment	250,683	250,208	-	-
Other receivables, deposits and prepayments	23,353	8,535	10,000	20,000
Available-for-sale investment	9,782	-	-	-
Subsidiaries	-	-	945,755	325,476
Intangible assets	831,705	635,369	-	-
Goodwill	5,483	5,483	-	-
Deferred tax assets	15,438	13,227	-	-
<b>Total non-current assets</b>	<b>1,306,167</b>	<b>1,083,288</b>	<b>955,755</b>	<b>345,476</b>
<b>Total assets</b>	<b>4,133,803</b>	<b>2,783,231</b>	<b>1,073,843</b>	<b>363,762</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities:</b>				
Trade payables	978,363	846,801	-	-
Other payables	168,246	187,681	32,419	38,684
Borrowings	383,500	401,000	-	-
Income tax payable	33,210	30,894	-	-
<b>Total current liabilities</b>	<b>1,563,319</b>	<b>1,466,376</b>	<b>32,419</b>	<b>38,684</b>
<b>Non-current liabilities:</b>				
Deferred tax liabilities	17,451	16,120	-	-
Borrowings	624,000	157,000	-	-
Convertible bonds liability	346,210	-	346,210	-
Financial liability derivative	479,425	-	479,425	-
<b>Total non-current liabilities</b>	<b>1,467,086</b>	<b>173,120</b>	<b>825,635</b>	<b>-</b>
<b>Capital and reserves:</b>				
Share capital	53,531	53,531	53,531	53,531
Share premium	266,938	266,938	266,938	266,938
General reserves	75,929	70,508	-	-
Share option reserve	15,839	12,828	15,839	12,828
Foreign currency translation reserve	241	261	-	-
Accumulated profits/(losses)	653,506	713,976	(120,519)	(8,219)
<b>Equity attributable to equity holders of the Company</b>	<b>1,065,984</b>	<b>1,118,042</b>	<b>215,789</b>	<b>325,078</b>
Non-controlling interest	37,414	25,693	-	-
<b>Total equity</b>	<b>1,103,398</b>	<b>1,143,735</b>	<b>215,789</b>	<b>325,078</b>
<b>Total liabilities and equity</b>	<b>4,133,803</b>	<b>2,783,231</b>	<b>1,073,843</b>	<b>363,762</b>

(RMB'000)	<b>Actual (WITHOUT financial effects of Convertible Bonds)</b>			
	<b>Group</b>		<b>Company</b>	
	<b>(Unaudited) 30 June 2017</b>	<b>(Audited) 31 December 2016</b>	<b>(Unaudited) 30 June 2017</b>	<b>(Audited) 31 December 2016</b>
<b><u>ASSETS</u></b>				
<b>Current assets:</b>				
Cash and cash equivalents	1,107,004	281,277	103,326	3,522
Pledged bank deposits	92,548	69,218	-	-
Trade receivables	1,113,163	1,018,281	-	-
Other receivables, deposits and prepayments	258,074	117,650	14,762	14,764
Inventories	252,887	209,769	-	-
Land use rights	3,960	3,748	-	-
<b>Total current assets</b>	<b>2,827,636</b>	<b>1,699,943</b>	<b>118,088</b>	<b>18,286</b>
<b>Non-current assets:</b>				
Land use rights	169,723	170,466	-	-
Property, plant and equipment	250,683	250,208	-	-
Other receivables, deposits and prepayments	23,353	8,535	10,000	20,000
Available-for-sale investment	9,782	-	-	-
Subsidiaries	-	-	945,755	325,476
Intangible assets	831,705	635,369	-	-
Goodwill	5,483	5,483	-	-
Deferred tax assets	15,438	13,227	-	-
<b>Total non-current assets</b>	<b>1,306,167</b>	<b>1,083,288</b>	<b>955,755</b>	<b>345,476</b>
<b>Total assets</b>	<b>4,133,803</b>	<b>2,783,231</b>	<b>1,073,843</b>	<b>363,762</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities:</b>				
Trade payables	978,363	846,801	-	-
Other payables	162,060	187,681	26,233	38,684
Borrowings	383,500	401,000	-	-
Income tax payable	33,210	30,894	-	-
<b>Total current liabilities</b>	<b>1,557,133</b>	<b>1,466,376</b>	<b>26,233</b>	<b>38,684</b>
<b>Non-current liabilities:</b>				
Deferred tax liabilities	17,451	16,120	-	-
Borrowings	624,000	157,000	-	-
Convertible bonds liability	404,025	-	404,025	-
Financial liability derivative	327,721	-	327,721	-
<b>Total non-current liabilities</b>	<b>1,373,197</b>	<b>173,120</b>	<b>731,746</b>	<b>-</b>
<b>Capital and reserves:</b>				
Share capital	53,531	53,531	53,531	53,531
Share premium	266,938	266,938	266,938	266,938
General reserves	75,929	70,508	-	-
Share option reserve	15,839	12,828	15,839	12,828
Foreign currency translation reserve	241	261	-	-
Accumulated profits/(losses)	753,581	713,976	(20,444)	(8,219)
<b>Equity attributable to equity holders of the Company</b>	<b>1,166,059</b>	<b>1,118,042</b>	<b>315,864</b>	<b>325,078</b>
Non-controlling interest	37,414	25,693	-	-
<b>Total equity</b>	<b>1,203,473</b>	<b>1,143,735</b>	<b>315,864</b>	<b>325,078</b>
<b>Total liabilities and equity</b>	<b>4,133,803</b>	<b>2,783,231</b>	<b>1,073,843</b>	<b>363,762</b>

## 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 2017		As at 31 December 2016	
	Secured	Unsecured	Secured	Unsecured
Borrowings	50,000	333,500	65,000	336,000

### Amount repayable after one year

(RMB'000)	As at 30 June 2017		As at 31 December 2016	
	Secured	Unsecured	Secured	Unsecured
Borrowings	594,000	30,000	94,000	63,000
Convertible Bonds Liability	346,210	-	-	-

### Details of any collaterals:

<u>Collaterals</u>	30 June 2017 RMB'000	31 December 2016 RMB'000
Letter of credit	-	25,000
Land use rights and buildings of a subsidiary	644,000	134,000

**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 2017**

(RMB'000)	<b>Actual (WITH financial effects of Convertible Bonds)</b>			
	<b>Second quarter ended</b>		<b>Six months ended</b>	
	<b>30 June 2017</b>	<b>30 June 2016</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
<b>Operating activities</b>				
Profit before income tax	35,118	54,185	(41,129)	73,620
Adjustments for:				
Depreciation expense	8,137	7,041	15,308	15,432
Interest expense	29,825	6,529	40,441	12,199
Amortisation of land use rights	440	353	1,008	706
Amortisation of intangible assets	245	245	490	490
Loss on disposal of property, plant and equipment	66	60	65	60
Interest income	(3,535)	(60)	(4,437)	(334)
Impairment allowance on trade and non-trade receivables-net	1,203	3,214	(697)	172
Share option expense	1,055	1,982	3,011	3,965
Exchange gain on Convertible Bonds	(9,213)	-	(5,633)	-
Fair value (gain)/loss on Convertible Bonds	(29,636)	-	75,400	-
Operating cash flows before movements in working capital	33,705	73,549	83,828	106,310
Trade receivables	(157,888)	78,423	(103,967)	(7,992)
Other receivables, deposits and prepayments	(85,910)	8,283	(106,961)	(6,917)
Inventories	(7,836)	(17,668)	(43,118)	3,073
Trade payables	302,742	(55,317)	318,187	27,990
Other payables	7,565	26,770	(34,279)	(780)
Cash generated from operations	92,378	114,040	113,690	121,684
Income tax paid	(410)	(3,031)	(9,962)	(10,701)
Interest received	3,535	60	4,437	334
Interest paid	(4,796)	(6,529)	(10,134)	(12,199)
Net cash from operating activities	90,707	104,540	98,031	99,118
<b>Investing activities</b>				
Purchase of property, plant and equipment	(8,478)	(527)	(15,973)	(12,588)
Prepayment for projects	(10,024)	(37,169)	(14,818)	(92,100)
Acquisition of land use rights	(3,333)	(14,038)	(3,333)	(27,065)
Expenditure on intangible assets	(276,347)	(92,731)	(405,400)	(132,660)
Proceeds from disposal of property, plant and equipment	5	40	125	40
Contribution from minority interest	12,740	1,500	12,740	1,500
Net cash used in investing activities	(285,437)	(142,925)	(426,659)	(262,873)
<b>Financing activities</b>				
Proceeds from new borrowings	125,000	106,000	728,000	351,000
(Payment for) / Proceed from Convertible Bonds	(38)	-	731,746	-
Repayment of borrowings	(75,000)	(116,100)	(278,500)	(341,100)
Pledged bank deposits	21,016	(38,619)	(23,330)	(23,067)
Payment of dividend	(3,541)	(4,282)	(3,541)	(4,282)
Net cash from/(used in) financing activities	67,437	(53,001)	1,154,375	(17,449)
Net (decrease) / increase in cash and cash equivalents	(127,293)	(91,386)	825,747	(181,204)
Cash and cash equivalents at beginning of period	1,234,302	307,726	281,277	397,527
Effects of foreign exchange rate changes	(5)	17	(20)	34
<b>Cash and cash equivalents at end of period</b>	<b>1,107,004</b>	<b>216,357</b>	<b>1,107,004</b>	<b>216,357</b>



(RMB'000)	<b>Actual (WITHOUT financial effects of Convertible Bonds)</b>			
	<b>Second quarter ended</b>		<b>Six months ended</b>	
	<b>30 June 2017</b>	<b>30 June 2016</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
<b>Operating activities</b>				
Profit before income tax	26,041	54,185	58,946	73,620
Adjustments for:				
Depreciation expense	8,137	7,041	15,308	15,432
Interest expense	53	6,529	10,134	12,199
Amortisation of land use rights	440	353	1,008	706
Amortisation of intangible assets	245	245	490	490
Loss on disposal of property, plant and equipment	66	60	65	60
Interest income	(3,535)	(60)	(4,437)	(334)
Impairment allowance on trade and non-trade receivables-net	1,203	3,214	(697)	172
Share option expense	1,055	1,982	3,011	3,965
Operating cash flows before movements in working capital	33,705	73,549	83,828	106,310
Trade receivables	(157,888)	78,423	(103,967)	(7,992)
Other receivables, deposits and prepayments	(85,910)	8,283	(106,961)	(6,917)
Inventories	(7,836)	(17,668)	(43,118)	3,073
Trade payables	302,742	(55,317)	318,187	27,990
Other payables	7,565	26,770	(34,279)	(780)
Cash generated from operations	92,378	114,040	113,690	121,684
Income tax paid	(410)	(3,031)	(9,962)	(10,701)
Interest received	3,535	60	4,437	334
Interest paid	(4,796)	(6,529)	(10,134)	(12,199)
Net cash from operating activities	90,707	104,540	98,031	99,118
<b>Investing activities</b>				
Purchase of property, plant and equipment	(8,478)	(527)	(15,973)	(12,588)
Prepayment for projects	(10,024)	(37,169)	(14,818)	(92,100)
Acquisition of land use rights	(3,333)	(14,038)	(3,333)	(27,065)
Expenditure on intangible assets	(276,347)	(92,731)	(405,400)	(132,660)
Proceeds from disposal of property, plant and equipment	5	40	125	40
Contribution from non-controlling interest holders	12,740	1,500	12,740	1,500
Net cash used in investing activities	(285,437)	(142,925)	(426,659)	(262,873)
<b>Financing activities</b>				
Proceeds from new borrowings	125,000	106,000	728,000	351,000
(Payment for) / Proceed from Convertible Bonds	(38)	-	731,746	-
Repayment of borrowings	(75,000)	(116,100)	(278,500)	(341,100)
Pledged bank deposits	21,016	(38,619)	(23,330)	(23,067)
Payment of dividend	(3,541)	(4,282)	(3,541)	(4,282)
Net cash from/(used in) financing activities	67,437	(53,001)	1,154,375	(17,449)
Net (decrease) / increase in cash and cash equivalents	(127,293)	(91,386)	825,747	(181,204)
Cash and cash equivalents at beginning of period	1,234,302	307,726	281,277	397,527
Effects of foreign exchange rate changes	(5)	17	(20)	34
<b>Cash and cash equivalents at end of period</b>	<b>1,107,004</b>	<b>216,357</b>	<b>1,107,004</b>	<b>216,357</b>

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>	<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>
<b>Balance at 1 January 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>56,466</b>	<b>4,897</b>	<b>111</b>	<b>590,126</b>	<b>972,069</b>	<b>20,689</b>	<b>992,758</b>
<u>Total comprehensive income for January to March 2016</u>									
Profit for January to March 2016	-	-	-	-	-	16,020	16,020	(766)	15,254
Other comprehensive income for January to March 2016	-	-	-	-	17	-	17	-	17
Total	-	-	-	-	17	16020	16,037	(766)	15,271
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	1,055	-	-	(1,055)	-	-	-
Employee share option expense	-	-	-	1,983	-	-	1,983	-	1,983
Total	-	-	1,055	1,983	-	(1,055)	1,983	-	1,983
<b>Balance at 31 March 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>57,521</b>	<b>6,880</b>	<b>128</b>	<b>605,091</b>	<b>990,089</b>	<b>19,923</b>	<b>1,010,012</b>
<u>Total comprehensive income for April to June 2016</u>									
Profit for April to June 2016	-	-	-	-	-	40,451	40,451	4,628	45,079
Other comprehensive income for April to June 2016	-	-	-	-	17	-	17	-	17
Total	-	-	-	-	17	40,451	40,468	4,628	45,096
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	3,441	-	-	(3,441)	-	-	-
Dividends paid	-	-	-	-	-	(4,282)	(4,282)	-	(4,282)
Contribution from non-controlling interest holders	-	-	-	-	-	-	-	1,500	1,500
Employee share option expense	-	-	-	1,982	-	-	1,982	-	1,982
Total	-	-	3,441	1,982	-	(7,723)	(2,300)	1,500	(800)
<b>Balance at 30 June 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>60,962</b>	<b>8,862</b>	<b>145</b>	<b>637,819</b>	<b>1,028,257</b>	<b>26,051</b>	<b>1,054,308</b>

**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>
<b>Balance at 1 July 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>60,962</b>	<b>8,862</b>	<b>145</b>	<b>637,819</b>	<b>1,028,257</b>	<b>26,051</b>	<b>1,054,308</b>
<u>Total comprehensive income for July to December 2016</u>									
Profit for July to December 2016	-	-	-	-	-	85,703	85,703	(358)	85,345
Other comprehensive income from July to December 2016	-	-	-	-	116	-	116	-	116
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116</b>	<b>85,703</b>	<b>85,819</b>	<b>(358)</b>	<b>85,461</b>
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	9,546	-	-	(9,546)	-	-	-
Employee share option expense	-	-	-	3,966	-	-	3,966	-	3,966
<b>Total</b>	<b>-</b>	<b>-</b>	<b>9,546</b>	<b>3,966</b>	<b>-</b>	<b>(9,546)</b>	<b>3,966</b>	<b>-</b>	<b>3,966</b>
<b>Balance at 31 December 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>70,508</b>	<b>12,828</b>	<b>261</b>	<b>713,976</b>	<b>1,118,042</b>	<b>25,693</b>	<b>1,143,735</b>
<u>Total comprehensive income for January to March 2017</u>									
Profit for January to March 2016	-	-	-	-	-	(83,498)	(83,498)	185	(83,313)
Other comprehensive income for January to March 2016	-	-	-	-	(15)	-	(15)	-	(15)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15)</b>	<b>(83,498)</b>	<b>(83,513)</b>	<b>185</b>	<b>(83,328)</b>
<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
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,506</b>	<b>1,956</b>	<b>-</b>	<b>(3,506)</b>	<b>1,956</b>	<b>-</b>	<b>1,956</b>
<b>Balance at 31 March 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>74,014</b>	<b>14,784</b>	<b>246</b>	<b>626,972</b>	<b>1,036,485</b>	<b>25,878</b>	<b>1,062,363</b>

**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>
<b>Balance at 1 April 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>74,014</b>	<b>14,784</b>	<b>246</b>	<b>626,972</b>	<b>1,036,485</b>	<b>25,878</b>	<b>1,062,363</b>
<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)	-	-	-
Dividends paid	-	-	-	-	-	(3,541)	(3,541)	-	(3,541)
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
<b>Balance at 30 June 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>75,929</b>	<b>15,839</b>	<b>241</b>	<b>653,506</b>	<b>1,065,984</b>	<b>37,414</b>	<b>1,103,398</b>

**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>
<b>Balance at 1 January 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>56,466</b>	<b>4,897</b>	<b>111</b>	<b>590,126</b>	<b>972,069</b>	<b>20,689</b>	<b>992,758</b>
<u>Total comprehensive income for January to March 2016</u>									
Profit for January to March 2016	-	-	-	-	-	16,020	16,020	(766)	15,254
Other comprehensive income for January to March 2016	-	-	-	-	17	-	17	-	17
Total	-	-	-	-	17	16,020	16,037	(766)	15,271
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	1,055	-	-	(1,055)	-	-	-
Employee share option expense	-	-	-	1,983	-	-	1,983	-	1,983
Total	-	-	1,055	1,983	-	(1,055)	1,983	-	1,983
<b>Balance at 31 March 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>57,521</b>	<b>6,880</b>	<b>128</b>	<b>605,091</b>	<b>990,089</b>	<b>19,923</b>	<b>1,010,012</b>
<u>Total comprehensive income for April to June 2016</u>									
Profit for April to June 2016	-	-	-	-	-	40,451	40,451	4,628	45,079
Other comprehensive income for April to June 2016	-	-	-	-	17	-	17	-	17
Total	-	-	-	-	17	40,451	40,468	4,628	45,096
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	3,441	-	-	(3,441)	-	-	-
Dividends paid	-	-	-	-	-	(4,282)	(4,282)	-	(4,282)
Contribution from non-controlling interest holders	-	-	-	-	-	-	-	1,500	1,500
Employee share option expense	-	-	-	1,982	-	-	1,982	-	1,982
Total	-	-	3,441	1,982	-	(7,723)	(2,300)	1,500	(800)
<b>Balance at 30 June 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>60,962</b>	<b>8,862</b>	<b>145</b>	<b>637,819</b>	<b>1,028,257</b>	<b>26,051</b>	<b>1,054,308</b>

**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
<b>Balance at 1 July 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>60,962</b>	<b>8,862</b>	<b>145</b>	<b>637,819</b>	<b>1,028,257</b>	<b>26,051</b>	<b>1,054,308</b>
<u>Total comprehensive income for July to December 2016</u>									
Profit for July to December 2016	-	-	-	-	-	85,703	85,703	(358)	85,345
Other comprehensive income from July to December 2016	-	-	-	-	116	-	116	-	116
Total	-	-	-	-	116	85,703	85,819	(358)	85,461
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	9,546	-	-	(9,546)	-	-	-
Employee share option expense	-	-	-	3,966	-	-	3,966	-	3,966
Total	-	-	9,546	3,966	-	(9,546)	3,966	-	3,966
<b>Balance at 31 December 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>70,508</b>	<b>12,828</b>	<b>261</b>	<b>713,976</b>	<b>1,118,042</b>	<b>25,693</b>	<b>1,143,735</b>
<u>Total comprehensive income for January to March 2017</u>									
Profit for January to March 2016	-	-	-	-	-	25,654	25,654	185	25,839
Other comprehensive income for January to March 2016	-	-	-	-	(15)	-	(15)	-	(15)
Total	-	-	-	-	(15)	25,654	25,639	185	25,824
<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
<b>Balance at 31 March 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>74,014</b>	<b>14,784</b>	<b>246</b>	<b>736,124</b>	<b>1,145,637</b>	<b>25,878</b>	<b>1,171,515</b>

**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>
<b>Balance at 1 April 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>74,014</b>	<b>14,784</b>	<b>246</b>	<b>736,124</b>	<b>1,145,637</b>	<b>25,878</b>	<b>1,171,515</b>
<u>Total comprehensive income for April to June 2017</u>									
Profit for April to June 2017	-	-	-	-	-	22,913	22,913	(1,204)	21,709
Other comprehensive income for April to June 2017	-	-	-	-	(5)	-	(5)	-	(5)
Total	-	-	-	-	(5)	22,913	22,908	(1,204)	21,704
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	1,915	-	-	(1,915)	-	-	-
Dividends paid	-	-	-	-	-	(3,541)	(3,541)	-	(3,541)
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
<b>Balance at 30 June 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>75,929</b>	<b>15,839</b>	<b>241</b>	<b>753,581</b>	<b>1,166,059</b>	<b>37,414</b>	<b>1,203,473</b>

<b>Actual (WITH financial effects of Convertible Bonds)</b>
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<u>Company</u>	<u>Share capital</u> RMB'000	<u>Share premium</u> RMB'000	<u>Share option reserve</u> RMB'000	<u>Accumulated profits</u> RMB'000	<u>Equity attributable to equity holders of the Company</u> RMB'000	<u>Total</u> RMB'000
<b>Balance at 1 January 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>4,897</b>	<b>18,485</b>	<b>343,851</b>	<b>343,851</b>
Loss for the period, representing total comprehensive loss for January to March 2016	-	-	-	(3,935)	(3,935)	(3,935)
<u>Transactions with owners, recognised directly in equity</u>						
Employee share option expense	-	-	1,983	-	1,983	1,983
<b>Balance at 31 March 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>6,880</b>	<b>14,550</b>	<b>341,899</b>	<b>341,899</b>
Loss for the period, representing total comprehensive loss for April to June 2016	-	-	-	(6,039)	(6,039)	(6,039)
<u>Transactions with owners, recognised directly in equity</u>						
Employee share option expense	-	-	1,982	-	1,982	1,982
Dividends paid	-	-	-	(4,282)	(4,282)	(4,282)
Total	-	-	1,982	(4,282)	(2,300)	(2,300)
<b>Balance at 30 June 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>8,862</b>	<b>4,229</b>	<b>333,560</b>	<b>333,560</b>
Loss for the period, representing total comprehensive income for July to December 2016	-	-	-	(12,448)	(12,448)	(12,448)
<u>Transactions with owners, recognised directly in equity</u>						
Employee share option expense	-	-	3,966	-	3,966	3,966
Total	-	-	3,966	-	3,966	3,966
<b>Balance at 31 December 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>12,828</b>	<b>(8,219)</b>	<b>325,078</b>	<b>325,078</b>
Loss for the period, representing total comprehensive loss for January to March 2017	-	-	-	(116,945)	(116,945)	(116,945)
<u>Transactions with owners, recognised directly in equity</u>						
Employee share option expense	-	-	1,956	-	1,956	1,956
Total	-	-	1,956	-	1,956	1,956
<b>Balance at 31 March 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>14,784</b>	<b>(125,164)</b>	<b>210,089</b>	<b>210,089</b>
Profit for the period, representing total comprehensive loss for April to June 2017	-	-	-	4,645	4,645	4,645
<u>Transactions with owners, recognized directly in equity</u>						
Ordinary shares issued	-	-	-	-	-	-
Employee share option expense	-	-	1,055	-	1,055	1,055
Dividends paid	-	-	-	-	-	-
Total	-	-	1,055	-	1,055	1,055
<b>Balance at 30 June 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>15,839</b>	<b>(120,519)</b>	<b>215,789</b>	<b>215,789</b>



<b>Actual (WITHOUT financial effects of Convertible Bonds)</b>
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<u>Company</u>	<u>Share capital</u> RMB'000	<u>Share premium</u> RMB'000	<u>Share option reserve</u> RMB'000	<u>Accumulated profits</u> RMB'000	<u>Equity attributable to equity holders of the Company</u> RMB'000	<u>Total</u> RMB'000
<b>Balance at 1 January 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>4,897</b>	<b>18,485</b>	<b>343,851</b>	<b>343,851</b>
Loss for the period, representing total comprehensive loss for January to March 2016	-	-	-	(3,935)	(3,935)	(3,935)
<u>Transactions with owners, recognised directly in equity</u>						
Employee share option expense	-	-	1,983	-	1,983	1,983
	-	-	1,983	-	<b>1,983</b>	1,983
<b>Balance at 31 March 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>6,880</b>	<b>14,550</b>	<b>341,899</b>	<b>341,899</b>
Loss for the period, representing total comprehensive loss for April to June 2016	-	-	-	(6,039)	(6,039)	(6,039)
<u>Transactions with owners, recognised directly in equity</u>						
Employee share option expense	-	-	1,982	-	1,982	1,982
Dividends paid	-	-	-	(4,282)	(4,282)	(4,282)
Total	-	-	1,982	(4,282)	(2,300)	(2,300)
<b>Balance at 30 June 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>8,862</b>	<b>4,229</b>	<b>333,560</b>	<b>333,560</b>
Loss for the period, representing total comprehensive income for July to December 2016	-	-	-	(12,448)	(12,448)	(12,448)
<u>Transactions with owners, recognised directly in equity</u>						
Employee share option expense	-	-	3,966	-	3,966	3,966
Total	-	-	3,966	-	3,966	3,966
<b>Balance at 31 December 2016</b>	<b>53,531</b>	<b>266,938</b>	<b>12,828</b>	<b>(8,219)</b>	<b>325,078</b>	<b>325,078</b>
Loss for the period, representing total comprehensive loss for January to March 2017	-	-	-	(7,793)	(7,793)	(7,793)
<u>Transactions with owners, recognised directly in equity</u>						
Employee share option expense	-	-	1,956	-	1,956	1,956
Total	-	-	1,956	-	1,956	1,956
<b>Balance at 31 March 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>14,784</b>	<b>(16,012)</b>	<b>319,241</b>	<b>319,241</b>
Loss for the period, representing total comprehensive loss for April to June 2017	-	-	-	(891)	(891)	(891)
<u>Transactions with owners, recognized directly in equity</u>						
Employee share option expense	-	-	1,055	-	1,055	1,055
Dividends paid	-	-	-	(3,541)	(3,541)	(3,541)
Total	-	-	1,055	(3,541)	(2,486)	(2,486)
<b>Balance at 30 June 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>15,839</b>	<b>(20,444)</b>	<b>315,864</b>	<b>315,864</b>

**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 second quarter ended 30 June 2017 and 30 June 2016.

There were no outstanding convertibles or treasury shares held as at 31 December 2016 and 30 June 2016.

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.

**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 2017, 31 December 2016 and 30 June 2016 is 737,657,142 ordinary shares.

There were no shares held as treasury shares as at 30 June 2017, 31 December 2016 and 30 June 2016.

**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 adopted all the new and revised Singapore Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2017. The adoption of the new/revised FRSs, INT FRSs and amendments to FRSs has no material effect on the financial statements.

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.

Not applicable.

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 2017	30 June 2016	30 June 2017	30 June 2016
Net profit/ (loss) attributable to equity holders of the Group (RMB'000)	31,990	40,451	(51,508)	56,471
Weighted average number of ordinary shares outstanding ('000)	737,657	737,657	737,657	737,657
Earnings per share – <b>basic</b> (RMB cents)	4.34	5.48	(6.98)	7.66

	Actual (WITHOUT financial effects of Convertible Bonds)			
	Second quarter ended		Six months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Net profit attributable to equity holders of the Group (RMB'000)	22,913	40,451	48,567	56,471
Weighted average number of ordinary shares outstanding ('000)	737,657	737,657	737,657	737,657
Earnings per share – <b>basic</b> (RMB cents)	3.11	5.48	6.58	7.66

Basic earnings per share for second quarter and half year ended 30 June 2017 and 30 June 2016 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 2017	30 June 2016	30 June 2017	30 June 2016
Net profit/ (loss) attributable to equity holders of the Group (RMB'000)	57,019	40,451	(21,201)	56,471
Weighted average number of ordinary shares outstanding ('000)	1,097,601	796,877	993,416	796,877
Earnings per share – <i>diluted</i> (RMB cents)	5.19	5.08	(5.18)	7.09

  

	Actual (WITHOUT financial effects of Convertible Bonds)			
	Second quarter ended		Six months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Net profit attributable to equity holders of the Group (RMB'000)	22,913	40,451	48,567	56,471
Weighted average number of ordinary shares outstanding ('000)	1,097,601	796,877	993,416	796,877
Earnings per share – <i>diluted</i> (RMB cents)	2.09	5.08	4.89	7.09

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 2Q2017.

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		Company		
	30 June 2017	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	(WITH financial effects of Convertible Bonds)	(WITHOUT financial effects of Convertible Bonds)	(WITH financial effects of Convertible Bonds)	(WITHOUT financial effects of Convertible Bonds)	
Net asset value per share (RMB cents)	144.51	158.08	139.39	29.25	42.82

The net asset value per share for 30 June 2017 and 31 December 2016 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 2017 and 31 December 2016.

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 2017 ("2Q2017") as compared to that of the second quarter ended 30 June 2016 ("2Q2016")**

*\*Based on actual financial performance WITH financial effects of Convertible Bonds\**

Revenue

The Group's revenue decreased by approximately RMB 16.7 million or 4.3% from RMB 392.6 million in 2Q2016 to RMB 375.9 million in 2Q2017. This was attributed to an aggregate decrease of RMB 46.3 million from the EPC Integrated Solutions segment. The decrease was offset by an aggregate increase of RMB 29.6 million from Environmental Equipment Manufacturing (EEM) segment.

Gross Profit

Gross profit decreased by approximately RMB 17.7 million or 17.3% from RMB 102.4 million in 2Q2016 to RMB 84.7 million in 2Q2017. Gross profit margin decreased from 26.1% for 2Q2016 to 22.5% for 2Q2017 mainly due to increased competition and higher raw material price in the EEM segment.

Profit before Income Tax

Profit before tax decreased by RMB 19.1 million from RMB 54.2 million in 2Q2016 to RMB 35.1 million in 2Q2017. The decrease was mainly attributable to the following factors:

- (a) Decrease in gross profit of RMB 17.7 million;
- (b) Increase in administrative expenses of RMB 8.5 million arising mainly due to higher foreign exchange loss of RMB 5.2 million from USD depreciation between 31 March 2017 and 30 June 2017 and increase in business development expenses in line with the expansion of the Group's Green Investment segment;
- (c) Increase in finance costs of RMB 23.3 million due to amortized interest expense for Convertible Bonds.

The above decrease were mitigated by:

- (a) Increase in fair value gain on Convertible Bonds of RMB 29.6 million between 31 March 2017 and 30 June 2017

#### Income Tax Expense

Excluding the non-tax deductible effect of the Convertible Bonds, the effective tax rate for 2Q2017 would have been 20.3%.

Effective income tax rates for 2Q2016 was 16.8%.

#### Profit for the Financial Period

In respect of the above, the Group's net profit attributable to the shareholders decreased by RMB 8.5 million or 20.9% from RMB 40.5 million in 2Q2016 to RMB 32.0 million in 2Q2017.

- (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 1,127.7 million or 66.3% from RMB 1,699.9 million as at 31 December 2016 to RMB 2,827.6 million as at 30 June 2017 mainly due:

- (a) Increase in cash and cash equivalents of RMB 825.7 million, primarily due to the issuance of Convertible Bonds.
- (b) Increase in trade receivables of RMB 94.9 million arising mainly from increase in trade receivables of RMB 97.1 million which was offset against the decrease in notes receivables with recourse of RMB 2.7 million.

Approximately 40.8% and 5.2% of the trade receivables at 31 December 2016 and 30 June 2017 respectively were collected as at 31 July 2017. 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 pledged bank deposits of RMB 23.3 million as more collaterals were required for the credit facilities granted.

- (d) Increase in other receivables, deposits and prepayments of RMB 140.4 million resulting from increased advance payment for purchases to fulfil the orders on hand and taxes deductible arising from the construction of “BOT, BOO, TOT” projects.
- (e) Increase in inventories of RMB 43.1 million primarily due to an aggregate increase in finished goods and raw materials and consumables of RMB 37.9 million for project use.

The Group’s total non-current assets increased by RMB 222.9 million or 20.6% from RMB 1,083.3 million as at 31 December 2016 to RMB 1,306.2 million as at 30 June 2017 mainly due to:

- (a) Increase in other receivables, deposits and prepayments of RMB 14.8 million resulting from prepayments made to subcontractors for work done for the “BOT, BOO, TOT” projects on hand as at 30 June 2017;
- (b) Increase in intangible assets of RMB 196.3 million due to service concession arrangements relating to “BOT, BOO, TOT” projects on hand which construction work has commenced during the FY2016.
- (c) Increase in available-for-sale investment of RMB 9.8 million, being an investment in an unquoted entity held by the Group’s subsidiary.

The Group’s total current liabilities increased by RMB 96.9 million or 6.6% from RMB 1,466.4 million as at 31 December 2016 to RMB 1,563.3 million as at 30 June 2017 mainly due to:

- (a) Increase in trade payables of RMB 131.6 million as a result of the increase in customer advances of RMB 74.2 million and increase in notes payable to third parties of RMB 43.3 million respectively;

The above increase was mitigated by:

- (b) Decrease in short term borrowings of RMB 17.5 million; and
- (c) Decrease in other payables of RMB 19.4 million primarily due to the decrease in accrued payroll costs of RMB 14.1 million.

The Group’s total non-current liabilities increased by approximately RMB 1,294.0 million from RMB 173.1 million as at 31 December 2016 to RMB 1,467.1 million as at 30 June 2017 mainly due to:

- (a) Increase of long term borrowings of approximately RMB 467 million, mainly caused by the borrowing received for BOT project; and
- (b) Increase in issuance of Convertible Bonds of RMB 825.6 million in 1Q2017. *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 2017**

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

Net cash generated from operating activities amounted to approximately RMB 90.7 million, primarily due to operating cash flows before movements in working capital of approximately RMB 33.7 million that were derived from:

- (a) Higher working capital requirements due to the increase in trade receivables of RMB 157.9 million, increase in other receivables and prepayments of RMB 85.9 million and increase in inventories of RMB 7.8 million;
- (b) Lower working capital requirements due to the increase in trade payables of RMB 302.7 million and increase in other payables of RMB 7.6 million.
- (c) Interest and tax paid of RMB 5.2 million in aggregate.

Net cash used in investing activities amounted to RMB 285.4 million mainly due to an increase in expenditure on intangible assets of RMB 276.3 million.

Net cash generated from financing activities amounted to RMB 67.4 million due to cash inflow arising from the proceeds from new borrowings and pledged bank deposits of RMB 125.0 million and RMB 21.0 million respectively, which was offset by the repayment of borrowings of RMB 75.0 million.

### **Use of Proceeds from Convertible Bonds**

On 3 March 2017, the Company has 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 (ultimately indirectly and beneficially owned by CDH Fund V, L. P.). The Convertible Bonds will mature in March 2022.

The net proceeds raised from the Convertible Bonds is approximately US\$ 106.21 million (equivalent to RMB 731.74 million based on exchange rate of RMB 6.89: US\$ 1 as at 3 March 2017) after deducting the transaction expenses of US\$ 3.79 million (equivalent to RMB 26.11 million). The net proceeds 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 31 July 2017, the Company has utilised an aggregate of RMB 25.68 million (or approximately US\$ 3.82 million) of the net proceeds as per schedule below:



<b>Project</b>	<b>Use of Convertible Bonds Proceeds</b>	<b>Amount <sup>(1)</sup></b>
Shantou	Registered capital in respect of the Shantou Project	RMB 13.26 million (approximately US\$ 1.97 million)
Liutuan	Registered capital in respect of the Liutuan Project	RMB 1.00 million (approximately US\$ 0.15 million)
Jining JVC	Registered capital in respect of the Jining JVC	RMB 4.90 million (approximately US\$ 0.73 million)
General	Administrative and general expenses for business expansion of Green Investment related business	RMB 6.52 million (approximately US\$ 0.97 million)
<b>Total Convertible Bonds Proceeds utilised</b>		RMB 25.68 million (approximately US\$ 3.82 million)
<b>Balance of Convertible Bonds Proceeds available for use</b>		RMB 706.12 million (approximately US\$ 104.92 million)

(1) Based on the exchange rate of RMB 6.73: US\$ 1 as at 31 July 2017.

Each of the above utilisation of Convertible Bonds Proceeds 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 Singapore Financial Reporting standards associated with the issuance of compound financial instruments, fair value change will affect the statement of profit and loss 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 decreased by RMB 17.6 million or 43.4% from RMB 40.5 million in 2Q2016 to RMB 22.9 million in 2Q2017.

**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.**

In 2Q2017, the Group's revenue and net profit attributable to shareholders decreased by 4.3% and 20.9% respectively. Besides the weak recovery of world economy, China is in the midst of economic reforms and restructuring which pose challenges to the Group's business.

Amidst a challenging and uncertain economic environment, the Group successfully secured several big contracts by capitalizing on its strong technological advantages and high-quality customer base. In May 2017 and July 2017, the Group had collectively secured contracts worth RMB 270.7 million and RMB 182.2 million respectively from new and recurring clients.

Moving ahead, with consistent performance in the traditional EEM and EPC businesses, the Group has been actively involved in their green investments segment. As an update, the Group has begun trial production for the Hebei Changrun Project whereas Lianshui Project and Quanjiao Project are expected to commence trial production in 3Q2017. Subsequently, the Group strives to improve its market penetration in the centralised steam/electricity and clean energy industry by securing two more projects in Shantou Chaonan and Shandong Liutuan which are currently in the construction phase. Meanwhile, the Group has also entered into joint venture with Jining Mining Industry Sunpower Clean Energy Development Co., Ltd. for the purpose of conducting centralised steam and electricity and clean energy related projects.

In addition, on 11 August 2017, the Group had entered into a share transfer agreement to acquire 80% of the equity interest in Shandong Yangguang Engineering Design Institute Co., Ltd to create synergies for the Group's Green Investment segment. The Group is confident that it would secure more projects in the pipeline to achieve stable EPC income and long-term recurring income from the BOT/BOO/TOT projects, which will enhance the quality of the Group's earnings and shareholders' value.

In the 13<sup>th</sup> five-year plan, the Chinese government has reiterated and expanded the structural reform in the energy sector. In May 2017, the "Initiative Plan of Circular Development" was issued by National Development and Reform Commission ("NDRC") to support a green and low-carbon economy. With the conducive government policies and growing awareness of environmental concern, clean energy and environmental protection industry is forecasted to achieve higher growth in 2017.

As at 30 June 2017, the total orders on hand amounted to approximately RMB 1.45 billion. Barring any unforeseen circumstances and excluding the fair value change and related financial effects of the Convertible Bonds as detailed in “Financial Effects of Convertible Bonds” in Section 8(b), Management expects the Group to remain profitable in FY2017.

**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 2017.

**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 2017 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 2017