

SUNPOWER GROUP LTD.

Unaudited Financial Statements for the First Quarter Ended 31 March 2019

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 FIRST QUARTER ENDED 31 MARCH 2019

(RMB'000)	Actual (WITH financial effects of Convertible Bonds and Warrants)			Actual (WITHOUT financial effects of Convertible Bonds and Warrants)		
	First quarter ended		% change	First quarter ended		% change
	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)		31 March 2019 (Unaudited)	31 March 2018 (Unaudited)	
Revenue	811,603	621,489	30.6	811,603	621,489	30.6
Cost of sales	(640,151)	(488,986)	30.9	(640,151)	(488,986)	30.9
Gross profit	171,452	132,503	29.4	171,452	132,503	29.4
Other operating income	14,150	8,616	64.2	14,150	8,616	64.2
Selling and distribution expenses	(11,597)	(8,857)	30.9	(11,597)	(8,857)	30.9
Administrative expenses	(65,051)	(59,384)	9.5	(64,402)	(59,384)	8.5
Foreign exchange gain/ (loss)	7,659	(6,384)	(220.0)	(1,836)	(19,226)	(90.5)
Other operating expenses	(7,865)	(2,194)	258.5	(7,865)	(2,194)	258.5
Finance costs	(43,055)	(25,830)	66.7	(18,511)	(13,322)	39.0
Share of gain/ (loss) of associate	278	(289)	(196.2)	278	(289)	(196.2)
Fair value changes on convertible bonds	(77,768)	51,128	(252.1)	-	-	-
Fair value changes on warrants	(8,615)	-	n.m.	-	-	-
(Loss)/ Profit before income tax	(20,412)	89,309	(122.9)	81,669	37,847	115.8
Income tax expense	(18,292)	(5,949)	207.5	(18,292)	(5,949)	207.5
(Loss)/ Profit for the year	(38,704)	83,360	(146.4)	63,377	31,898	98.7
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange difference on translation of foreign operation	215	(340)	(163.2)	215	(340)	(163.2)
Net fair value gain on investments in equity instruments designated as at fair value through other comprehensive income ("FVTOCI")	174	-	n.m.	174	-	n.m.
Net fair value gain on investments in debt instruments classified as at FVTOCI	932	-	n.m.	932	-	n.m.
Total comprehensive (loss)/ income for the year	(37,383)	83,020	(145.0)	64,698	31,558	105.0
(Loss)/ Profit for the year attributable to:						
Equity holders of the Company	(41,548)	82,368	(150.4)	60,533	30,906	95.9
Non-controlling interests	2,844	992	186.7	2,844	992	186.7
(Loss)/ Profit for the year	(38,704)	83,360	(146.4)	63,377	31,898	98.7
Total comprehensive (loss)/ income for the year attributable to:						
Equity holders of the Company	(40,469)	82,028	(149.3)	61,612	30,566	101.6
Non-controlling interests	3,086	992	211.1	3,086	992	211.1
(Loss)/ Profit for the year	(37,383)	83,020	(145.0)	64,698	31,558	105.0

n.m. denotes not meaningful

1(a) (ii) Other information:

(RMB'000)	Actual (WITH financial effects of Convertible Bonds and Warrants)			Actual (WITHOUT financial effects of Convertible Bonds and Warrants)		
	First quarter ended			First quarter ended		
	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)	% change	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)	% change
Depreciation expense	20,309	13,788	47.3	20,309	13,788	47.3
Amortisation of land use rights	1,522	961	58.4	1,522	961	58.4
Amortisation of intangible assets	11,387	6,662	70.9	11,387	6,662	70.9
Interest expense	43,055	25,830	66.7	18,511	13,322	39.0
Exchange differences on translation of foreign operation	(215)	340	(163.2)	(215)	340	(163.2)
Reversal of impairment allowance on trade and non-trade receivables - net	(3,000)	(1,364)	119.9	(3,000)	(1,364)	119.9
Reversal of allowance for inventories	(371)	-	n.m.	(371)	-	n.m.
Loss on disposal of property, plant and equipment	69	44	56.8	69	44	56.8
Foreign exchange (gain)/ loss - net	(7,659)	6,384	(220.0)	1,836	19,226	(90.5)
Fair value loss/ (gain) on convertible bonds	77,768	(51,128)	(252.1)	-	-	-
Fair value loss on warrants	8,615	-	n.m.	-	-	-

n.m. denotes not meaningful

Other operating income comprises:

(RMB'000)	Actual (WITH financial effects of Convertible Bonds and Warrants)			Actual (WITHOUT financial effects of Convertible Bonds and Warrants)		
	First quarter ended			First quarter ended		
	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)	% change	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)	% change
Government grant	1,977	4,390	(55.0)	1,977	4,390	(55.0)
Interest income	922	1,199	(23.1)	922	1,199	(23.1)
Government rebates	-	104	n.m.	-	104	n.m.
Gain on disposal of plant and equipment	33	-	n.m.	33	-	n.m.
Reversal of impairment allowance on trade and non-trade receivables	9,863	1,864	429.1	9,863	1,864	429.1
Others	1,355	1,059	28.0	1,355	1,059	28.0
Total	14,150	8,616	64.2	14,150	8,616	64.2

*There is no difference for other operating income with and without financial effects of Convertible Bonds and Warrants for the first quarter ended 31 March 2019.

Explanatory Notes for WITHOUT financial effects of Convertible Bonds and Warrants:

- (1) Financial effects of Convertible Bonds and Warrants consist of fair value change, unrealised foreign exchange translation and amortised interest costs of Convertible Bonds and Warrants.
- (2) Included in the 1Q2019 and 1Q2018 profit attributable to equity holders of the Company is foreign exchange loss (net) of RMB 1.8 million and RMB 19.2 million respectively, of which RMB Nil million and RMB 15.4 million exchange loss relate to the 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 1Q2019 and 1Q2018 was RMB 60.5 million and RMB 46.3 million respectively, a 30.7% increase year-on-year. As at 31 December 2018, the Company has transferred all 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) A statement of financial position (for the issuer and group), together with a comparative statement at the end of the immediately preceding financial year.

UNAUDITED STATEMENTS OF FINANCIAL POSITION

(RMB'000)	Actual (WITH financial effects of Convertible Bonds and Warrants)			
	Group		Company	
	As at 31 March 2019 (Unaudited)	As at 31 December 2018 (Audited)	As at 31 March 2019 (Unaudited)	As at 31 December 2018 (Audited)
ASSETS				
Current assets:				
Cash and cash equivalents	575,549	685,306	24,476	81,580
Pledged bank deposits	119,924	112,381	-	-
Trade receivables and contract assets	1,254,044	1,191,540	-	-
Other receivables, deposits and prepayments	389,872	390,179	32,536	27,144
Inventories	532,933	499,862	-	-
Land use rights	5,822	5,822	-	-
Financial assets at fair value through other comprehensive income	38,747	97,278	-	-
Total current assets	2,916,891	2,982,368	57,012	108,724
Non-current assets:				
Land use rights	283,991	285,513	-	-
Property, plant and equipment	848,193	869,813	-	-
Right-of-use assets	13,250	-	-	-
Other receivables, deposits and prepayments	30,875	12,667	157,186	198,800
Financial assets at fair value through other comprehensive income	11,923	11,718	-	-
Subsidiaries	-	-	998,039	955,558
Associate	9,535	9,257	-	-
Intangible assets	2,164,163	2,073,728	-	-
Deferred tax assets	26,619	28,671	-	-
Goodwill	335,769	335,769	-	-
Commitment fee	12,530	13,943	12,530	13,943
Total non-current assets	3,736,848	3,641,079	1,167,755	1,168,301
Total assets	6,653,739	6,623,447	1,224,767	1,277,025
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	1,751,331	1,717,110	-	-
Other payables	313,278	798,295	37,777	69,403
Borrowings	657,926	492,904	40,401	41,179
Warrants	17,612	8,997	17,612	8,997
Income tax payable	37,410	58,812	-	-
Total current liabilities	2,777,557	3,076,118	95,790	119,579
Non-current liabilities:				
Deferred tax liabilities	147,406	148,190	-	-
Borrowings	1,108,551	839,429	40,401	41,179
Convertible bonds	816,013	729,442	816,013	729,442
Finance leases	13,092	-	-	-
Total non-current liabilities	2,085,062	1,717,061	856,414	770,621
Capital and reserves:				
Share capital	55,779	55,439	55,779	55,439
Treasury shares	(4,690)	-	(4,690)	-
Share premium	292,555	288,618	292,555	288,618
General reserves	122,260	117,892	-	-
Share option reserve	7,054	8,406	7,054	8,406
Foreign currency translation reserve	194	(21)	-	-
Revaluation reserve	(2,100)	(2,964)	-	-
Retained earnings (Accumulated losses)	1,076,565	1,122,481	(78,135)	34,362
Equity attributable to equity holders of the Company	1,547,617	1,589,851	272,563	386,825
Non-controlling interests	243,503	240,417	-	-
Total equity	1,791,120	1,803,268	272,563	386,825
Total liabilities and equity	6,653,739	6,623,447	1,224,767	1,277,025

(RMB'000)	Actual (WITHOUT financial effects of Convertible Bonds and Warrants)			
	Group		Company	
	As at 31 March 2019 (Unaudited)	As at 31 December 2018 (Audited)	As at 31 March 2019 (Unaudited)	As at 31 December 2018 (Audited)
ASSETS				
Current assets:				
Cash and cash equivalents	575,549	685,306	24,476	81,580
Pledged bank deposits	119,924	112,381	-	-
Trade receivables and contract assets	1,254,044	1,191,540	-	-
Other receivables, deposits and prepayments	389,872	390,179	32,536	27,144
Inventories	532,933	499,862	-	-
Land use rights	5,822	5,822	-	-
Financial assets at fair value through other comprehensive income	38,747	97,278	-	-
Total current assets	2,916,891	2,982,368	57,012	108,724
Non-current assets:				
Land use rights	283,991	285,513	-	-
Property, plant and equipment	848,193	869,813	-	-
Right-of-use assets	13,250	-	-	-
Other receivables, deposits and prepayments	30,875	12,667	157,186	198,800
Financial assets at fair value through other comprehensive income	11,923	11,718	-	-
Subsidiaries	-	-	998,039	955,558
Associate	9,535	9,257	-	-
Intangible assets	2,164,163	2,073,728	-	-
Deferred tax assets	26,619	28,671	-	-
Goodwill	335,769	335,769	-	-
Commitment fee	13,897	13,897	13,897	13,897
Total non-current assets	3,738,215	3,641,033	1,169,122	1,168,255
Total assets	6,655,106	6,623,401	1,226,134	1,276,979
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	1,751,331	1,717,110	-	-
Other payables	307,807	782,125	32,306	53,233
Borrowings	657,926	492,904	40,401	41,179
Warrants	13,897	13,897	13,897	13,897
Income tax payable	37,410	58,812	-	-
Total current liabilities	2,768,371	3,064,848	86,604	108,309
Non-current liabilities:				
Deferred tax liabilities	147,406	148,190	-	-
Borrowings	1,108,551	839,429	40,401	41,179
Convertible bonds	820,622	836,803	820,622	836,803
Finance leases	13,092	-	-	-
Total non-current liabilities	2,089,671	1,824,422	861,023	877,982
Capital and reserves:				
Share capital	55,779	55,439	55,779	55,439
Treasury shares	(4,690)	-	(4,690)	-
Share premium	292,555	288,618	292,555	288,618
General reserves	122,260	117,892	-	-
Share option reserve	7,054	8,406	7,054	8,406
Foreign currency translation reserve	194	(21)	-	-
Revaluation reserve	(2,100)	(2,964)	-	-
Retained earnings (Accumulated losses)	1,082,509	1,026,344	(72,191)	(61,775)
Equity attributable to equity holders of the Company	1,553,561	1,493,714	278,507	290,688
Non-controlling interests	243,503	240,417	-	-
Total equity	1,797,064	1,734,131	278,507	290,688
Total liabilities and equity	6,655,106	6,623,401	1,226,134	1,276,979

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 31 March 2019		As at 31 December 2018	
	Secured	Unsecured	Secured	Unsecured
Borrowings	256,724	401,202	218,124	274,780

Amount repayable after one year

(RMB'000)	As at 31 March 2019		As at 31 December 2018	
	Secured	Unsecured	Secured	Unsecured
Borrowings	982,151	126,400	686,750	152,679

Details of any collaterals:

<u>Collaterals</u>	<u>31 March 2019 (RMB'000)</u>	<u>31 December 2018 (RMB'000)</u>
Secured by building and land use rights	690,375	645,375
Pledge of shares of subsidiaries	548,500	219,500

The bank loan guaranteed by the company as at 31 March 2019 is RMB 90,000,000 (31 December 2018: RMB 70,000,000).

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 FIRST QUARTER ENDED 31 MARCH 2019

(RMB'000)	Actual (WITH financial effects of Convertible Bonds and Warrants)	
	First quarter ended	
	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
Operating activities		
(Loss)/ Profit before income tax	(20,412)	89,309
Adjustments for:		
Depreciation expense	20,309	13,788
Amortisation of intangible assets	11,387	6,662
Interest expense	43,055	25,830
Amortisation of land use rights	1,522	961
Share of (profit)/ loss of associate	(278)	286
Loss on disposal of property, plant and equipment	69	44
Reversal of impairment allowance on inventories, net of reversals	(371)	-
Interest income	(922)	(1,199)
Reversal of impairment loss on trade and non-trade receivables, net of reversals	(3,000)	(1,364)
Amortisation of commitment fee	649	-
Exchange loss on warrants	765	-
Exchange gain on convertible bonds	(10,260)	(12,842)
Fair value loss on warrants	8,615	-
Fair value loss/ (gain) on convertible bonds	77,768	(51,128)
Operating cash flows before movements in working capital	128,896	70,347
Trade receivables and contract assets	(75)	33,496
Other receivables and prepayments	(17,901)	(64,241)
Inventories	(32,700)	(70,162)
Trade payables	41,975	64,172
Other payables	26,450	(49,415)
Cash generated from/ (used in) operations	146,645	(15,803)
Income tax paid	(38,426)	(8,792)
Interest received	922	1,199
Interest paid	(38,207)	(30,687)
Net cash from/ (used in) operating activities	70,934	(54,083)
Investing activities		
Purchase of property, plant and equipment	(7,166)	(22,949)
Prepayment for build-operate-transfer ("BOT") projects	-	(2,261)
Acquisition of intangible assets *	(101,822)	(98,019)
Acquisition of subsidiaries *	(497,250)	(110,000)
Payment for land use rights acquired	-	(2,018)
Proceeds from disposal of property, plant and equipment	496	102
Net cash used in investing activities	(605,742)	(235,145)
Financing activities		
Contribution from non-controlling interest holders	-	25,480
Proceeds from new borrowings	487,000	149,400
Proceeds from convertible bonds	-	-
Pledged bank deposits	(7,543)	(17,117)
Repayment of borrowings	(52,856)	(125,200)
Proceeds from exercise of share options	2,925	-
Share buyback	(4,690)	-
Net cash from financing activities	424,836	32,563
Net decrease in cash and cash equivalents	(109,972)	(256,665)
Cash and cash equivalents at beginning of period	685,306	902,608
Effects of foreign exchange rate changes	215	(79)
Cash and cash equivalents at end of period	575,549	645,864

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 FIRST QUARTER ENDED 31 MARCH 2019

(RMB'000)	Actual (WITHOUT financial effects of Convertible Bonds and Warrants)	
	First quarter ended	
	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
Operating activities		
Profit before income tax	81,669	37,847
Adjustments for:		
Depreciation expense	20,309	13,788
Amortisation of intangible assets	11,387	6,662
Interest expense	18,511	13,322
Amortisation of land use rights	1,522	961
Share of (gain)/ loss of associate	(278)	286
Loss on disposal of property, plant and equipment	69	44
Reversal of impairment allowance on inventories, net of reversals	(371)	-
Interest income	(922)	(1,199)
Reversal of impairment loss on trade and non-trade receivables, net of reversals	(3,000)	(1,364)
Operating cash flows before movements in working capital	128,896	70,347
Trade receivables and contract assets	(75)	33,496
Other receivables and prepayments	(17,901)	(64,241)
Inventories	(32,700)	(70,162)
Trade payables	41,975	64,172
Other payables	26,450	(49,415)
Cash generated from/ (used in) operations	146,645	(15,803)
Income tax paid	(38,426)	(8,792)
Interest received	922	1,199
Interest paid	(38,207)	(30,687)
Net cash from/ (used in) operating activities	70,934	(54,083)
Investing activities		
Purchase of property, plant and equipment	(7,166)	(22,949)
Prepayment for build-operate-transfer ("BOT") projects	-	(2,261)
Acquisition of intangible assets *	(101,822)	(98,019)
Acquisition of subsidiaries *	(497,250)	(110,000)
Payment for land use rights acquired	-	(2,018)
Proceeds from disposal of property, plant and equipment	496	102
Net cash used in investing activities	(605,742)	(235,145)
Financing activities		
Contribution from non-controlling interest holders	-	25,480
Proceeds from new borrowings	487,000	149,400
Pledged bank deposits	(7,543)	(17,117)
Repayment of borrowings	(52,856)	(125,200)
Proceeds from exercise of share options	2,925	-
Share buyback	(4,690)	-
Net cash from financing activities	424,836	32,563
Net decrease in cash and cash equivalents	(109,972)	(256,665)
Cash and cash equivalents at beginning of period	685,306	902,608
Effects of foreign exchange rate changes	215	(79)
Cash and cash equivalents at end of period	575,549	645,864

* The cash outflows for acquisition of intangible assets and subsidiaries during the first period includes payments for which acquired in previous financial year.

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 and Warrants)											
Group	Share capital	Treasury shares	Share premium	General reserves	Share option reserve	Foreign currency translation reserve	Revaluation reserve	Retained earnings	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	RMB'000	RMB'000
Balance as at December 31, 2017	53,531	-	266,938	87,921	15,839	(137)	-	837,807	1,261,899	141,122	1,403,021
Effects of adoption of SFRS(I)-9	-	-	-	-	-	-	(1,184)	(1,636)	(2,820)	-	(2,820)
Balance as at January 1, 2018 (Restated)	53,531	-	266,938	87,921	15,839	(137)	(1,184)	836,171	1,259,079	141,122	1,400,201
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	320,520	320,520	12,035	332,555
Other comprehensive loss for the year	-	-	-	-	-	116	(1,780)	-	(1,664)	-	(1,664)
Total	-	-	-	-	-	116	(1,780)	320,520	318,856	12,035	330,891
Transactions with owners, recognised directly in equity											
Dividend paid	-	-	-	-	-	-	-	(4,239)	(4,239)	-	(4,239)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	(3,600)	(3,600)
Transfer to general reserves	-	-	-	29,971	-	-	-	(29,971)	-	-	-
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	63,700	63,700
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	27,160	27,160
Employee share option expenses	1,908	-	21,680	-	(7,433)	-	-	-	16,155	-	16,155
Total	1,908	-	21,680	29,971	(7,433)	-	-	(34,210)	11,916	87,260	99,176
Balance as at December 31, 2018	55,439	-	288,618	117,892	8,406	(21)	(2,964)	1,122,481	1,589,851	240,417	1,830,268
Total comprehensive income for January to March 2019											
Loss for January to March 2019	-	-	-	-	-	-	-	(41,548)	(41,548)	2,844	(38,704)
Other comprehensive profit for January to March 2019	-	-	-	-	-	215	864	-	1,079	242	1,321
Total	-	-	-	-	-	215	864	(41,548)	(40,469)	3,086	(37,383)
Transactions with owners, recognised directly in equity											
Dividend paid	-	-	-	-	-	-	-	-	-	-	-
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Transfer to general reserves	-	-	-	4,368	-	-	-	(4,368)	-	-	-
Share buyback	-	(4,690)	-	-	-	-	-	-	(4,690)	-	(4,690)
Employee share option expenses	340	-	3,937	-	(1,352)	-	-	-	2,925	-	2,925
Total	340	(4,690)	3,937	4,368	(1,352)	-	-	(4,368)	(1,765)	-	(1,765)
Balance as at March 31, 2019	55,779	(4,690)	292,555	122,260	7,054	194	(2,100)	1,076,565	1,547,617	243,503	1,791,120

Actual (WITHOUT financial effects of Convertible Bonds and Warrants)

Group	Share capital	Treasury shares	Share premium	General reserves	Share option reserve	Foreign currency translation reserve	Revaluation reserve	Retained earnings	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	RMB'000	RMB'000
Balance as at December 31, 2017	53,531	-	266,938	87,921	15,839	(137)	-	808,639	1,232,731	141,122	1,373,853
Effects of adoption of SFRS(I)-9	-	-	-	-	-	-	(1,184)	(1,636)	(2,820)	-	(2,820)
Balance as at January 1, 2018 (Restated)	53,531	-	266,938	87,921	15,839	(137)	(1,184)	807,003	1,229,911	141,122	1,371,033
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	253,551	253,551	12,035	265,586
Other comprehensive loss for the year	-	-	-	-	-	116	(1,780)	-	(1,664)	-	(1,664)
Total	-	-	-	-	-	116	(1,780)	253,551	251,887	12,035	263,922
Transactions with owners, recognised directly in equity											
Dividend paid	-	-	-	-	-	-	-	(4,239)	(4,239)	-	(4,239)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	(3,600)	(3,600)
Transfer to general reserves	-	-	-	29,971	-	-	-	(29,971)	-	-	-
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	63,700	63,700
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	27,160	27,160
Employee share option expenses	1,908	-	21,680	-	(7,433)	-	-	-	16,155	-	16,155
Total	1,908	-	21,680	29,971	(7,433)	-	-	(34,210)	11,916	87,260	99,176
Balance as at December 31, 2018	55,439	-	288,618	117,892	8,406	(21)	(2,964)	1,026,344	1,493,714	240,417	1,734,131
Total comprehensive income for January to March 2019											
Profit for January to March 2019	-	-	-	-	-	-	-	60,533	60,533	2,844	63,377
Other comprehensive income for January to March 2019	-	-	-	-	-	215	864	-	1,079	242	1,321
Total	-	-	-	-	-	215	864	60,533	61,612	3,086	64,698
Transactions with owners, recognised directly in equity											
Dividend paid	-	-	-	-	-	-	-	-	-	-	-
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Transfer to general reserves	-	-	-	4,368	-	-	-	(4,368)	-	-	-
Share buyback	-	(4,690)	-	-	-	-	-	-	(4,690)	-	(4,690)
Employee share option expenses	340	-	3,937	-	(1,352)	-	-	-	2,925	-	2,925
Total	340	(4,690)	3,937	4,368	(1,352)	-	-	(4,368)	(1,765)	-	(1,765)
Balance as at March 31, 2019	55,779	(4,690)	292,555	122,260	7,054	194	(2,100)	1,082,509	1,553,561	243,503	1,797,064

Actual (WITH financial effects of Convertible Bonds and Warrants)

<u>Company</u>	Share capital	Treasury shares	Share premium	Share option reserve	Retained earnings	Equity attributable to equity holders of the Company	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2017	53,531	-	266,938	12,828	(8,219)	325,078	325,078
Profit for the year, representing total comprehensive income for the year	-	-	-	-	6,035	6,035	6,035
<u>Transactions with owners, recognised directly in equity</u>							
Employee share option expenses	-	-	-	3,011	-	3,011	3,011
Dividend paid	-	-	-	-	(4,393)	(4,393)	(4,393)
Total	-	-	-	3,011	(4,393)	(1,382)	(1,382)
Balance as at December 31, 2017	53,531	-	266,938	15,839	(6,577)	329,731	329,731
Profit for the year, representing total comprehensive income for the year	-	-	-	-	45,178	45,178	45,178
<u>Transactions with owners, recognised directly in equity</u>							
Employee share option expenses	1,908	-	21,680	(7,433)	-	16,155	16,155
Dividend paid	-	-	-	-	(4,239)	(4,239)	(4,239)
Total	1,908	-	21,680	(7,433)	(4,239)	11,916	11,916
Balance as at December 31, 2018	55,439	-	288,618	8,406	34,362	386,825	386,825
Loss for the period, representing total comprehensive loss for January to March 2019	-	-	-	-	(112,497)	(112,497)	(112,497)
<u>Transactions with owners, recognised directly in equity</u>							
Employee share option expenses	340	-	3,937	(1,352)	-	2,925	2,925
Share buyback	-	(4,690)	-	-	-	(4,690)	(4,690)
Dividend paid	-	-	-	-	-	-	-
Total	340	(4,690)	3,937	(1,352)	-	(1,765)	(1,765)
Balance as at March 31, 2019	55,779	(4,690)	292,555	7,054	(78,135)	272,563	272,563

Actual (WITHOUT financial effects of Convertible Bonds and Warrants)

<u>Company</u>	Share capital	Treasury shares	Share premium	Share option reserve	Retained earnings	Equity attributable to equity holders of the Company	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2017	53,531	-	266,938	12,828	(8,219)	325,078	325,078
Profit for the year, representing total comprehensive income for the year	-	-	-	-	(23,133)	(23,133)	(23,133)
<u>Transactions with owners, recognised directly in equity</u>							
Employee share option expenses	-	-	-	3,011	-	3,011	3,011
Dividend paid	-	-	-	-	(4,393)	(4,393)	(4,393)
Total	-	-	-	3,011	(4,393)	(1,382)	(1,382)
Balance as at December 31, 2017	53,531	-	266,938	15,839	(35,745)	300,563	300,563
Profit for the year, representing total comprehensive income for the year	-	-	-	-	(21,791)	(21,791)	(21,791)
<u>Transactions with owners, recognised directly in equity</u>							
Employee share option expenses	1,908	-	21,680	(7,433)	-	16,155	16,155
Dividend paid	-	-	-	-	(4,239)	(4,239)	(4,239)
Total	1,908	-	21,680	(7,433)	(4,239)	11,916	11,916
Balance as at December 31, 2018	55,439	-	288,618	8,406	(61,775)	290,688	290,688
Loss for the period, representing total comprehensive loss for January to March 2019	-	-	-	-	(10,416)	(10,416)	(10,416)
<u>Transactions with owners, recognised directly in equity</u>							
Employee share option expenses	340	-	3,937	(1,352)	-	2,925	2,925
Share buyback	-	(4,690)	-	-	-	(4,690)	(4,690)
Dividend paid	-	-	-	-	-	-	-
Total	340	(4,690)	3,937	(1,352)	-	(1,765)	(1,765)
Balance as at March 31, 2019	55,779	(4,690)	292,555	7,054	(72,191)	278,507	278,507

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, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 first quarter ended 31 March 2018 and there was a change in share capital during the first quarter ended 31 March 2019.

There were share buy-back transactions in 1Q2019. During the first quarter ended 31 March 2019, the total consideration for the treasury shares held under the share buy-back scheme was S\$ 934,366 for a total of 2,542,000 shares. The number of shares held as treasury shares by the Company represents 0.3% (31 March 2018: 0%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company as at 31 March 2019.

On 11 March 2019, the Company issued and allotted an aggregate of 5,053,200 ordinary shares in the capital of the Company, at an exercise price of S\$0.116 each, pursuant to the exercise of options granted under the Sunpower Employee Share Option Scheme 2015.

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 ("Glory Sky") (ultimately indirectly and beneficially owned by CDH Fund V, L. P. ("CDH")). 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 hold US\$ 60 million and US\$ 50 million Convertible Bonds of the Company, respectively.

On 6 September 2018, the Company obtained shareholders' approval for the issuance of a second tranche convertible bonds of an aggregate principal amount of US\$ 70 million ("Tranche 2 Convertible Bonds or "CB2s") and warrants exercisable at an aggregate amount of US\$ 30 million (the "Warrants" or the "Warrant Shares") to DCP and CDH to fund the GI related business of the Company.

Subsequently on 15 October 2018, CB2s of an aggregate amount of US\$ 20 million and 16,464,490 Warrants were issued to Blue Starry and Glory Sky. On 21 December 2018, remaining 35,281,049 Warrants and 5,880,175 Warrants were issued to Blue Starry and to Glory Sky 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 31 March 2019 and 31 March 2018 was 770,500,542 and 737,657,142 ordinary shares respectively.

The Company's total treasury shares as at 31 March 2019 was 2,542,000 shares and there were no shares held as treasury shares as at 31 December 2018 and 31 March 2018.

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

Not applicable.

1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 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.

SFRS(I) 16 Leases is effective for financial years beginning on 1 January 2019. The Group has applied the simplified transition approach and will not restate comparatives for the year prior to first application.

Other than the adjustments to leases being recognized on the balance sheet of the Group as at 1 January 2019, the adoption of new and revised standards did not have any material effect on the financial statements 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 and Warrants)		Actual (WITHOUT financial effects of Convertible Bonds and Warrants)	
	First quarter ended 31 March 2019	31 March 2018	First quarter ended 31 March 2019	31 March 2018
Net (loss)/profit attributable to equity holders of the Group (RMB'000)	(41,548)	82,368	60,533	30,906
Weighted average number of ordinary shares outstanding ('000)	744,938	737,657	744,938	737,657
Earnings per share - <i>basic</i> (RMB cent)	(5.58)	11.17	8.13	4.19

Basic earnings per share for the first quarter ended 31 March 2019 and 31 March 2018 have been calculated based on the weighted average number of ordinary issued share capital of 744,937,504 and 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 and Warrants)		Actual (WITHOUT financial effects of Convertible Bonds and Warrants)	
	First quarter ended 31 March 2019	31 March 2018	First quarter ended 31 March 2019	31 March 2018
Net (loss)/profit attributable to equity holders of the Group (RMB'000)	(17,004)	94,876	60,533	30,906
Weighted average number of ordinary shares outstanding ('000)	1,114,873	1,095,249	1,114,873	1,095,249
(Loss)/Earnings per share - <i>diluted</i> (RMB cents)	(1.53)	8.66	5.43	2.82

Diluted earnings per share for the above periods have been calculated assuming the outstanding convertibles bonds have been converted at the exercise prices of S\$ 0.50 and S\$ 0.60 based on convertible bonds issued on 3 March 2017 and 15 October 2018 respectively, warrants and share options granted, have been exercised during FY2018.

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			
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	<i>(WITH financial effects of Convertible Bonds and Warrants)</i>		<i>(WITHOUT financial effects of Convertible Bonds and Warrants)</i>	
Net asset value per share (RMB cents)	200.86	182.22	201.63	171.29

	Company			
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	<i>(WITH financial effects of Convertible Bonds and Warrants)</i>		<i>(WITHOUT financial effects of Convertible Bonds and Warrants)</i>	
Net asset value per share (RMB cents)	35.37	50.88	36.15	39.95

The net asset value per share for 31 March 2019 and 31 December 2018 have been computed based on shareholders' equity as at these dates and the existing share capital of 770,500,542 and 737,447,342 ordinary shares as at 31 March 2019 and 31 December 2018 respectively.

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**

Review of the Group's performance for the first quarter ended 31 March 2019 ("1Q2019") as compared to that of the first quarter ended 31 March 2018 ("1Q2018")

Based on actual financial performance WITH financial effects of Convertible Bonds and Warrants

Revenue

The Group's revenue increased by approximately RMB 190.1 million or 30.6% from RMB 621.5 million in 1Q2018 to RMB 811.6 million in 1Q2019. The increase was attributed to the increase in (a) revenue of RMB 28.8 million or 5.80% from the Manufacturing and Services (M&S) segment; and (b) an increase of RMB 161.3 million or 128.7% from the Green Investments (GI) segment.

Gross Profit

The Group's gross profit increased by approximately RMB 38.9 million or 29.4% from RMB 132.5 million in 1Q2018 to RMB 171.5 million in 1Q2019. The increase was attributed to the ramp-up of GI segment, which contributed RMB 70.3 million in gross profits.

Gross profit margin for 1Q2019 was 21.1%, which was stable as compared to 1Q2018.

Profit before Income Tax

Profit before tax decreased by RMB 109.7 million or 122.9% from a profit before tax of RMB 89.3 million in 1Q2018 to a loss before tax of RMB 20.4 million in 1Q2019. The decrease was mainly attributable to the following factors:

- (a) Increase in fair value changes on Convertible Bonds from a gain of RMB 51.1 million in 1Q2018 to a loss of RMB 77.8 million in 1Q2019, due primarily to the fluctuation in share price during the quarter;
- (b) Increase in fair value loss on warrants of RMB 8.6 million in 1Q2019 as there was nil recognized in 1Q2018; and
- (c) Increase in finance costs of RMB 17.2 million in 1Q2019 mainly due to the accrued effective interest of Convertible Bonds.

The above-mentioned factors were offset by:

- (a) Increase in foreign exchange gain in 1Q2019 as compared to foreign exchange loss in corresponding period of RMB 14.0 million caused mainly by the translation of USD Convertible Bonds to RMB as US dollar depreciated against the RMB during this period.

Income Tax Expense

Excluding the non-tax deductible effect of the Convertible Bonds, the effective tax rate for 1Q2019 would have been 22.4%.

Loss for the Financial Period

The Group's net loss attributable to shareholders increased by RMB 123.9 million or 150.4% from a profit of RMB 82.4 million in 1Q2018 to a loss of RMB 41.5 million in 1Q2019, which was mainly due to the fair value loss of Convertible Bonds and Warrants.

- (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 and Warrants

The Group's total current assets decreased by approximately RMB 65.5 million or 2.2% from RMB 2,982.4 million as at 31 December 2018 to RMB 2,916.9 million as at 31 March 2019. The decrease was mainly due to:

- (a) Decrease in cash and cash equivalents of RMB 109.8 million, mainly due to usage of funds for Build-Operate-Transfer ("BOT") and GI projects; and
- (b) Decrease in financial assets at fair value through other comprehensive income of RMB 58.5 million.

The above decrease was outweighed by the following:

- (a) Increase in trade receivables and contract assets of RMB 62.5 million arising from an aggregate increase in trade receivables and retention receivables.

Approximately 27.7% and 11.1% of the trade receivables at 31 December 2018 and 31 March 2019 respectively were collected as at 30 April 2019. 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; and

- (b) Increase in inventories of RMB 33.1 million primarily due to an aggregate increase of RMB 103.7 million in raw materials and consumables, offset by the decrease in work-in-progress of RMB 71.0 million.

The Group's total non-current assets increased by RMB 95.8 million or 2.6% from RMB 3,641.1 million as at 31 December 2018 to RMB 3,736.8 million as at 31 March 2019. The increase was mainly due to:

- (a) Increase in intangible assets of RMB 90.4 million due to service concession arrangements relating to "BOT, BOO and TOT" projects on hand as at 31 March 2019; and
- (b) Increase in right of use assets by RMB 13.3 million in accordance to SFRS(I)16 Leases.

The above-mentioned factors were offset by:

- (a) Decrease in property, plant and equipment and land use right of RMB 21.6 million and RMB 1.5 million respectively, mainly due to depreciation and amortisation expenses incurred.

The Group's total current liabilities decreased by RMB 298.6 million or 9.7% from RMB 3,076.1 million as at 31 December 2018 to RMB 2,777.6 million as at 31 March 2019, mainly due to the following:

- (a) Decrease in other payables of RMB 485.0 million primarily due to the payment of considerations for the acquisition of Yongxing plant.

The above decrease was outweighed by the following:

- (a) Increase in borrowings of RMB 165.0 million to finance the acquisition of GI projects; and

- (b) Increase in trade payables of RMB 34.2 million as a result of an increase in customer advances of RMB 82.9 million, offset by the aggregate decrease in payable to outside parties and notes payable to third parties of RMB 48.7 million.

The Group's total non-current liabilities increased by approximately RMB 368.0 million or 21.4% from RMB 1,717.1 million as at 31 December 2018 to RMB 2,085.1 million as at 31 March 2019. The increase was mainly due to:

- (a) Increase in long-term borrowings of approximately RMB 269.1 million to finance the acquisition of GI projects; and
- (b) Increase in fair value of Convertible Bonds and Warrants of RMB 86.6 million in 1Q2019. *Please refer to Section 8 Financial Effects of Convertible Bonds and Warrants.*

Review of the Group's cash flow statement

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

Net cash generated from operating activities amounted to approximately RMB 128.9 million in 1Q2019, primarily due to changes in working capital requirements as follows:

- (a) Increased working capital requirements in other receivables and prepayments of RMB 17.9 million and increase in inventories of RMB 32.7 million respectively; and
- (b) Lower working capital requirements due to the increase in trade payables of RMB 42.0 million and increase in other payables of RMB 26.5 million respectively.

Net cash used in investing activities amounted to RMB 605.7 million mainly due to an increase in acquisition of intangible assets of RMB 101.8 million and acquisition of subsidiaries of RMB 497.3 million.

Net cash generated from financing activities amounted to RMB 424.8 million due to proceeds from new borrowings of RMB 487.0 million and proceeds from exercise of share options of RMB 2.9 million, offset by repayment of bank loans of borrowings and pledged bank deposits of RMB 52.9 million and RMB 7.5 million respectively.

Use of Proceeds from Convertible Bonds

On 3 March 2017, the Company completed the issuance of first tranche convertible bonds of an aggregate principal amount of US\$ 110 million ("Tranche 1 Convertible Bonds" or "CB1"), 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.).

Subsequently on 10 January 2018, Glory Sky transferred US\$ 60 million in principal amount of the CB1 to DCP. As a result of which, DCP and CDH (each an "Investor" and collectively, the "Investors") holds US\$ 60 million and US\$ 50 million convertible bonds issued under CB1 of the Company, respectively.

On 6 September 2018, the Company obtained shareholders' approval for the issuance of a second tranche convertible bonds of an aggregate principal amount of US\$ 70 million ("Tranche 2 Convertible Bonds or "CB2") and warrants exercisable at an aggregate amount of US\$ 30 million (the "Warrants" or the "Warrant Shares") to DCP and CDH to fund the GI related business of the Company.

Following the issuance of CB2 to the Investors, DCP and CDH will each hold up to US\$ 120 million and US\$ 60 million of CB1 and CB2 (collectively, the "Convertible Bonds") of the Company, respectively, convertible into fully paid ordinary shares in the capital of Company.

The total aggregate principal amount of Convertible Bonds issued by the Company will be up to US\$ 180 million. The Convertible Bonds will mature in March 2022.

The net proceeds raised from CB1 is approximately US\$ 106.2 million after deducting transaction expenses of US\$ 3.8 million, while expected net proceeds from the issuance of CB2 will be approximately US\$ 67.6 million, after deducting transaction expenses of approximately US\$ 2.4 million. The Company completed the issuance of CB2 of an aggregate principal amount of US\$ 20 million on 15 October, 2018 and has completed the issuance of 57,625,714 Warrants by 21 December, 2018.

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 30 April 2019, the Company has utilised an aggregate of US\$ 121.7 million of the net proceeds from Convertible Bonds as per schedule below.

Project	Use of Convertible Bonds Proceeds	Amount
Shantou	Project construction and equipment procurement	US\$ 20.4 million (approximately RMB 132.6 million)
Liutuan	Registered capital	US\$ 0.8 million (approximately RMB 5.2 million)
Jining JVC	Installation of steam distribution pipeline	US\$ 1.6 million (approximately RMB 10.3 million)
Xinjiang	Registered capital	US\$ 1.4 million (approximately RMB 9.0 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 million)
Xinyuan Thermal Power	Purchase consideration of the acquisition	US\$ 13.1 million (approximately RMB 85 million)
Xintai Zhengda Thermoelectric	Purchase consideration of the acquisition and construction of new facilities	US\$ 22.0 million (approximately RMB 145 million)
Yongxing Thermal Power	Purchase consideration of the acquisition	US\$ 48.4 million (approximately RMB 314 million)
General	Administrative and general expenses for business expansion of Green Investment related business	US\$ 9.6 million (approximately RMB 62.5 million)

Total Convertible Bonds Proceeds utilised	US\$ 121.7 million (approximately RMB 792.1 million)
Balance of Convertible Bonds Proceeds drawn down and available-for-use	US\$ 2.1 million (approximately RMB 13.6 million)

*Note:

The Company paid the transaction expenses related to the issuance of CB2 from the first drawdown of US\$20 million.

The balance of Convertible Bonds proceeds drawn down has already been committed in the investment of the GI project.

The exchange rate is based on the actual settlement conditions.

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.

Financial Effects of Convertible Bonds and Warrants

Convertible Bonds were issued on 3 March 2017 and 15 October 2018 with the debt host liability component and the derivative liability component carried at amortised cost and fair value respectively. The changes in the fair value of the derivative liabilities of the Convertible Bonds and Warrants are recognized in profit or loss. 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 Warrants and (ii) amortised interest charge relating to the amortised cost liability component of the Convertible Bonds and commitment fee of Warrants. 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 and 21 August 2018 respectively.

The fair value change of the Convertible Bonds and Warrants 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 and Warrants consist of unrealised foreign exchange translation, amortised interest expenses (inclusive of interest charges) and fair value gain/ (loss) of Convertible Bonds and Warrants. Excluding the financial effects of the Convertible Bonds and Warrants, net profit attributable to equity holders of the Company increased by RMB 29.6 million or 95.9% from RMB 30.9 million in 1Q2018 to RMB 60.5 million in 1Q2019.

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 sustained a strong growth pace in 1Q2019. Driven by strong performance of the GI, Group revenue rose 30.6% YoY to RMB811.6 million, and EBITDA grew by 217.8% YoY to RMB133.4 million, resulting in the underlying net profit increasing by 30.7% YoY to RMB60.5

million. Underlying operating cash inflow was RMB90.6 million, reversing from an outflow of RMB36.7 million in 1Q2018.

Sunpower continues to expand the long-term, recurring, high-quality income and cash flow GI business in 1Q2019. Revenue, EBITDA and segment results* generated by GI totalled RMB286.7 million, RMB87.1 million and RMB54.0 million respectively, up 128.7%, 148.8% and 273.0% YoY, accounting for 35.3%, 65.3% and 50.9% of the Group. GI projects recorded operating cash flow of RMB67.6 million, benefiting from strong tariff collections due to the ability to require prepayments by customers. Sunpower's customers comprise industries such as printing & dyeing that cater mainly to the domestic China market and are able to sustainably generate robust cash flow.

The M&S segment, which is the foundation business for the Group, recorded revenue growth of 5.8% YoY to RMB524.9 million with margins broadly sustained on the back of the Group's proprietary technology and strong track record. Capacity was almost fully utilised and the total orders of the Group on hand remained at RMB2.5 billion in April 2019, after taking into account contract deliveries in 1Q2019, up from RMB2.0 billion a year ago. Sunpower has 70% repeat customers across more than 15 industries and has garnered a large base of reputable customers which include BASF, BP, Shell, CNOOC, CNPC, SINOPEC etc.

Looking ahead, there is still much to be done to meet the central government's pollution reduction targets and this will provide enormous opportunities for Sunpower. According to a Reuters analysis, the average concentration of hazardous PM2.5 airborne dust particles in Beijing-Tianjin-Hebei and the Fenwei Plain rose 40% in February 2019 to hit 108 micrograms per cubic meter, far above China's official standard of 35 micrograms¹. The Ministry of Ecology and Environment also cracked down on Shandong provincial officials for missing air quality targets². Such top-level official backing and stringent enforcement will drive the long-term prospects of China's environmental protection industry, particularly the anti-smog services sector that Sunpower's GI business is targeting.

To-date, the Group has invested and committed equity investments of RMB1.3 billion in its 7 operating GI projects and is on track to invest a total of RMB2.5 billion in equity by 2021. GI projects enjoy attractive double-digit internal rate of return (IRR), supported by exclusive concessions of typically 30 years. The net present value (NPV) of long-term GI cash flows is expected to considerably exceed their current contributions.

With GI as the primary growth driver and value creator and synergistically supported by the M&S business, the Group will continue to mature as a company driven by long-term, recurring, high-quality income and cashflows. Barring unforeseen circumstances, Sunpower is well placed to further improve earnings growth and quality in the next phase. It expects the continued ramp-up of the existing GI operations, the potential securing of more earnings-accretive M&As, trial production of Shantou Project in 2H2019 and the unrelenting focus on the highest-quality M&S contracts to benefit future earnings.

*Segment results reflect the operating income of each business segment of the Group, before interest, tax and unallocated corporate expenses as well as fair value change and foreign exchange gains or losses of the Convertible Bonds and Warrants.

11. If a decision regarding dividend has been made:

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

None.

(b) (i) Amount per share in cents

¹ <https://www.reuters.com/article/us-china-pollution/northern-china-pollution-soars-in-february-official-data-idUSKCN1QM0CP>

² <https://www.scmp.com/news/china/politics/article/3007268/china-reprimands-officials-shandong-failing-meet-aluminium>

(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 and the reason(s) for the decision.**

No dividend has been declared or recommended by the Board of Directors of the Company for the quarter ended 31 March 2019. It is not the Company's practise to declare dividends during the first quarter of the financial year.

- 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\(5\)](#). (Not required for announcement on full year results)**

Not applicable.

- 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 Rule 720(1).**

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 revised financial statements for the first quarter ended 31 March 2019 to be false or misleading in any material aspect.

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 May 2019