

## SUNPOWER GROUP LTD.

### Unaudited Financial Statements for Full Year Ended 31 December 2018

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR 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 YEAR ENDED 31 DECEMBER 2018

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)			Actual (WITHOUT financial effects of Convertible Bonds)		
	Full year ended		% change	Full year ended		% change
	31 December 2018 (Unaudited)	31 December 2017 (Audited)		31 December 2018 (Unaudited)	31 December 2017 (Audited)	
<b>Revenue</b>	3,262,893	1,965,470	66.0	3,262,893	1,965,470	66.0
Cost of sales	(2,569,081)	(1,557,687)	64.9	(2,569,081)	(1,557,687)	64.9
<b>Gross profit</b>	<b>693,812</b>	<b>407,783</b>	70.1	<b>693,812</b>	<b>407,783</b>	70.1
Other operating income	68,436	73,848	(7.3)	68,436	73,848	(7.3)
Selling and distribution expenses	(58,052)	(48,252)	20.3	(58,052)	(48,252)	20.3
Administrative expenses	(271,712)	(193,903)	40.1	(271,152)	(193,903)	39.8
Foreign exchange loss	(30,259)	(12,695)	138.4	(12,450)	(30,749)	(59.5)
Other operating expenses	(30,003)	(26,509)	13.2	(30,003)	(26,509)	13.2
Finance costs	(146,776)	(91,775)	59.9	(61,824)	(33,551)	84.3
Share of loss of associate	(1,034)	-	n.m.	(1,034)	-	n.m.
Fair value changes on derivatives	170,290	69,338	145.6	-	-	n.m.
<b>Profit before income tax</b>	<b>394,702</b>	<b>177,835</b>	121.9	<b>327,733</b>	<b>148,667</b>	120.4
Income tax expense	(62,146)	(26,986)	130.3	(62,146)	(26,986)	130.3
<b>Profit for the year</b>	<b>332,556</b>	<b>150,849</b>	120.5	<b>265,587</b>	<b>121,681</b>	118.3
<b>Other comprehensive income</b>	(1,780)	-	n.m.	(1,780)	-	n.m.
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange difference on translation of foreign operation	116	(137)	(184.7)	116	(137)	(184.7)
<b>Total comprehensive income for the year</b>	<b>330,892</b>	<b>150,712</b>	119.6	<b>263,923</b>	<b>121,544</b>	117.1
Profit for the year attributable to:						
Equity holders of the Company	320,521	145,770	119.9	253,552	116,602	117.5
Non-controlling interests	12,035	5,079	137.0	12,035	5,079	137.0
<b>Profit for the year</b>	<b>332,556</b>	<b>150,849</b>	120.5	<b>265,587</b>	<b>121,681</b>	<b>118.3</b>
Total comprehensive income for the year attributable to:						
Equity holders of the Company	318,857	145,633	118.9	251,888	116,465	116.3
Non-controlling interests	12,035	5,079	137.0	12,035	5,079	137.0
<b>Profit for the year</b>	<b>330,892</b>	<b>150,712</b>	119.6	<b>263,923</b>	<b>121,544</b>	117.5

n.m. denotes not meaningful

1(a) (ii) Other information:

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)			Actual (WITHOUT financial effects of Convertible Bonds)		
	Full year ended			Full year ended		
	31 December 2018 (Unaudited)	31 December 2017 (Audited)	% change	31 December 2018 (Unaudited)	31 December 2017 (Audited)	% change
Depreciation expense	63,366	34,414	84.1	63,366	34,414	84.1
Amortisation of land use rights	5,479	2,730	100.7	5,479	2,730	100.7
Amortisation of intangible assets	37,574	12,933	190.5	37,574	12,933	190.5
Interest expense	146,776	91,775	59.9	61,824	33,551	84.3
Exchange differences on translation of foreign operation	(116)	137	184.7	(116)	137	184.7
Impairment allowance on (Reversal of) trade and non-trade receivables - net	15,187	(15,265)	199.5	15,187	(15,265)	199.5
(Reversal of) Allowance for inventories	(3,815)	534	814.4	(3,815)	534	814.4
(Gain)/ Loss on disposal of property, plant and equipment	(381)	20	n.m.	(381)	20	n.m.
Employee share option expense	-	3,011	n.m.	-	3,011	n.m.
Foreign exchange loss/ (gain) - net	30,259	12,695	138.4	12,450	30,749	(59.5)
Fair value gain on derivatives	(170,290)	(69,338)	145.6	-	-	n.m.

n.m. denotes not meaningful

Other operating income comprises:

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)			Actual (WITHOUT financial effects of Convertible Bonds)		
	Full year ended			Full year ended		
	31 December 2018 (Unaudited)	31 December 2017 (Audited)	% change	31 December 2018 (Unaudited)	31 December 2017 (Audited)	% change
Government grant	40,744	22,994	77.2	40,744	22,994	77.2
Interest income	6,145	12,236	(49.8)	6,145	12,236	(49.8)
Gain on disposal of plant and equipment	464	146	217.8	464	146	217.8
Scrap sales	692	-	n.m.	692	-	n.m.
Reversal of impairment allowance on trade and non-trade receivables	10,902	33,384	(67.3)	10,902	33,384	(67.3)
Others	9,489	5,088	86.5	9,489	5,088	86.5
<b>Total</b>	<b>68,436</b>	<b>73,848</b>	<b>(7.3)</b>	<b>68,436</b>	<b>73,848</b>	<b>(7.3)</b>

\*There is no difference for other operating income with and without financial effects of Convertible Bonds for the full year ended 31 December 2018.

### **Explanatory Notes for WITHOUT financial effects of Convertible Bonds:**

- (1) Financial effects of Convertible Bonds consist of unrealised foreign exchange translation, amortised interest (loss) of Convertible Bonds and Warrants.
- (2) Included in the FY2018 and FY2017 profit attributable to equity holders of the Company is foreign exchange loss (net) of RMB 12.5 and RMB 30.7 million respectively, of which RMB 14.2 million and RMB 30.7 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 FY2018 and FY2017 was RMB 267.8 million and RMB 147.4 million respectively, an 81.7% increase year-on-year. During 2Q2018, the Company transferred the unutilised proceeds from its USD account to a RMB account. Accordingly, there will be no further foreign exchange differences arising from the unutilised proceeds.

**1(b)(i) 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)			
	Group		Company	
	As at 31 December 2018 (Unaudited)	As at 31 December 2017 (Audited) (Restated)	As at 31 December 2018 (Unaudited)	As at 31 December 2017 (Audited)
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	685,306	902,608	81,580	62,334
Pledged bank deposits	112,381	88,476	-	-
Trade receivables	1,288,818	1,264,156	-	-
Other receivables, deposits and prepayments	390,179	363,804	27,144	28,347
Inventories	499,862	342,762	-	-
Land use rights	5,822	4,594	-	-
<b>Total current assets</b>	<b>2,982,368</b>	<b>2,966,400</b>	<b>108,724</b>	<b>90,681</b>
<b>Non-current assets:</b>				
Land use rights	285,513	193,990	-	-
Property, plant and equipment	869,813	474,003	-	-
Other receivables, deposits and prepayments	12,667	23,804	198,800	29,603
Available for sale investment	11,718	9,782	-	-
Subsidiaries	-	-	955,558	951,902
Associate	9,257	10,290	-	-
Intangible assets	2,073,728	1,283,726	-	-
Commitment fee	13,943	-	13,943	-
Deferred tax assets	28,671	14,194	-	-
Goodwill	335,769	24,114	-	-
<b>Total non-current assets</b>	<b>3,641,079</b>	<b>2,033,903</b>	<b>1,168,301</b>	<b>981,505</b>
<b>Total assets</b>	<b>6,623,447</b>	<b>5,000,303</b>	<b>1,277,025</b>	<b>1,072,186</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Trade payables	1,717,110	1,376,195	-	-
Other payables	798,295	379,515	69,403	48,583
Borrowings	492,904	517,200	41,179	-
Income tax payable	58,812	33,099	-	-
<b>Total current liabilities</b>	<b>3,067,121</b>	<b>2,306,009</b>	<b>110,582</b>	<b>48,583</b>
<b>Non-current liabilities:</b>				
Deferred tax liabilities	148,190	36,401	-	-
Borrowings	839,429	567,616	41,179	6,616
Convertible bonds	729,442	687,256	729,442	687,256
Warrants	8,997	-	8,997	-
<b>Total non-current liabilities</b>	<b>1,726,058</b>	<b>1,291,273</b>	<b>779,618</b>	<b>693,872</b>
<b>Capital and reserves:</b>				
Share capital	55,439	53,531	55,439	53,531
Share premium	288,618	266,938	288,618	266,938
General reserves	117,892	87,921	-	-
Share option reserve	8,406	15,839	8,406	15,839
Foreign currency translation reserve	(21)	(137)	-	-
Revaluation reserve	(2,964)	-	-	-
Retained earnings (Accumulated losses)`	1,122,481	837,807	34,362	(6,577)
<b>Equity attributable to equity holders of the Company</b>	<b>1,589,851</b>	<b>1,261,899</b>	<b>386,825</b>	<b>329,731</b>
Non-controlling interests	240,417	141,122	-	-
<b>Total equity</b>	<b>1,830,268</b>	<b>1,403,021</b>	<b>386,825</b>	<b>329,731</b>
<b>Total liabilities and equity</b>	<b>6,623,447</b>	<b>5,000,303</b>	<b>1,277,025</b>	<b>1,072,186</b>

(RMB'000)	Actual (WITHOUT financial effects of Convertible Bonds)			
	Group		Company	
	As at	As at	As at	As at
	31 December 2018 (Unaudited)	31 December 2017 (Audited) (Restated)	31 December 2018 (Unaudited)	31 December 2017 (Audited)
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	685,306	902,608	81,580	62,334
Pledged bank deposits	112,381	88,476	-	-
Trade receivables	1,288,818	1,264,156	-	-
Other receivables, deposits and prepayments	390,179	363,804	27,144	28,347
Inventories	499,862	342,762	-	-
Land use rights	5,822	4,594	-	-
Total current assets	2,982,368	2,966,400	108,724	90,681
<b>Non-current assets:</b>				
Land use rights	285,513	193,990	-	-
Property, plant and equipment	869,813	474,003	-	-
Other receivables and prepayments	12,667	23,804	198,800	29,603
Available for sale investment	11,718	9,782	-	-
Subsidiaries	-	-	955,558	951,902
Associate	9,257	10,290	-	-
Intangible assets	2,073,728	1,283,726	-	-
Deferred tax assets	28,671	14,194	-	-
Goodwill	335,769	24,114	-	-
Total non-current assets	3,627,136	2,033,903	1,154,358	981,505
<b>Total assets</b>	<b>6,609,504</b>	<b>5,000,303</b>	<b>1,263,082</b>	<b>1,072,186</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Trade payables	1,717,110	1,376,195	-	-
Other payables	782,125	364,272	53,233	33,340
Borrowings	492,904	517,200	41,179	-
Income tax payable	58,812	33,099	-	-
Total current liabilities	3,050,951	2,290,766	94,412	33,340
<b>Non-current liabilities:</b>				
Deferred tax liabilities	148,190	36,401	-	-
Borrowings	839,429	567,616	41,179	6,616
Convertible bonds	836,803	731,667	836,803	731,667
Total non-current liabilities	1,824,422	1,335,684	877,982	738,283
<b>Capital and reserves:</b>				
Share capital	55,439	53,531	55,439	53,531
Share premium	288,618	266,938	288,618	266,938
General reserves	117,892	87,921	-	-
Share option reserve	8,406	15,839	8,406	15,839
Foreign currency translation reserve	(21)	(137)	-	-
Revaluation reserve	(2,964)	-	-	-
Retained earnings (Accumulated losses)	1,026,344	808,639	(61,775)	(35,745)
<b>Equity attributable to equity holders of the Company</b>	<b>1,493,714</b>	<b>1,232,731</b>	<b>290,688</b>	<b>300,563</b>
Non-controlling interests	240,417	141,122	-	-
Total equity	1,734,131	1,373,853	290,688	300,563
<b>Total liabilities and equity</b>	<b>6,609,504</b>	<b>5,000,303</b>	<b>1,263,082</b>	<b>1,072,186</b>

**1(b)(ii) Aggregate amount of group borrowings and debt securities****Amount repayable in one year or less, or on demand**

(RMB'000)	<u>As at 31 December 2018</u>		<u>As at 31 December 2017</u>	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>218,124</u>	<u>274,780</u>	<u>192,200</u>	<u>325,000</u>

**Amount repayable after one year**

(RMB'000)	<u>As at 31 December 2018</u>		<u>As at 31 December 2017</u>	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>686,750</u>	<u>152,679</u>	<u>543,000</u>	<u>24,616</u>

**Details of any collaterals:**

<u>Collaterals</u>	<u>FY2018</u> <u>(RMB' 000)</u>	<u>FY2017</u> <u>(RMB' 000)</u>
Land use right and concession right	685,374	1,230,956
Pledge of shares of subsidiaries	<u>219,500</u>	<u>-</u>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FULL YEAR ENDED 31 DECEMBER 2018**

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)	
	Full year ended	
	31 December 2018 (Unaudited)	31 December 2017 (Audited)
<b>Operating activities</b>		
Profit before income tax	394,702	177,835
Adjustments for:		
Depreciation expense	63,366	34,414
Amortisation of intangible assets	37,574	12,933
Interest expense	146,776	91,775
Amortisation of land use rights	5,479	2,730
Exchange differences arising on foreign currency translation	(513)	137
Share of loss of associate	1,034	-
(Gain)/ Loss on disposal of property, plant and equipment	(381)	20
Share option expense	-	3,011
Interest income	(6,145)	(12,236)
Impairment allowance on (Reversal of) trade and non-trade receivables – net of reversals (impairment)	15,187	(15,265)
(Reversal of) Impairment allowance on inventories	(3,815)	534
Exchange loss/ (gain) on convertible bonds	18,416	(18,054)
Exchange gain on warrants	(606)	-
Amortisation of commitment fee	560	-
Fair value gain on derivatives	(170,290)	(69,338)
Operating cash flows before movements in working capital	501,344	208,496
Trade receivables	19,253	(228,622)
Other receivables, deposits and prepayments	(27,389)	(116,843)
Inventories	(138,963)	(109,903)
Trade payables	(59,858)	385,427
Other payables	32,548	(9,689)
Cash generated from operations	326,935	128,866
Income tax paid	(46,641)	(21,668)
Interest paid	(79,188)	(33,551)
Interest received	6,145	12,236
Net cash from operating activities	207,251	85,883
<b>Investing activities</b>		
Purchase of property, plant and equipment	(71,709)	(52,368)
Prepayment for build-operate-transfer (“BOT”) projects	-	(15,269)
Acquisition of intangible assets	(228,419)	(521,803)
Acquisition of subsidiaries	(433,470)	(82,579)
Prepaid capital contribution for investment in a subsidiary	-	(10,000)
Acquisition of an associate	-	(10,290)
Payment for land use rights acquired	(33,717)	(993)
Proceeds from disposal of property, plant and equipment	604	749
Net cash used in investing activities	(766,711)	(692,553)
<b>Financing activities</b>		
Acquisition of non-controlling interest in a subsidiary	-	(999)
Contribution from non-controlling interest holders	63,698	63,700
Proceeds from new borrowings	837,798	903,616
Proceeds from convertible bonds	123,416	731,667
Pledged bank deposits	(23,905)	(19,258)
Payment of dividend	(4,239)	(4,393)
Payment of dividend to non-controlling interest from a subsidiary	(3,600)	(3,195)
Repayment of borrowings	(667,281)	(443,000)
Issuance of stock	16,155	-
Net cash from financing activities	342,042	1,228,138
Net (decrease) increase in cash and cash equivalents	(217,418)	621,468
Cash and cash equivalents at beginning of year	902,608	281,277
Effects of foreign exchange rate changes	116	(137)
<b>Cash and cash equivalents at end of year</b>	<b>685,306</b>	<b>902,608</b>

**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 FULL YEAR ENDED 31 DECEMBER 2018**

(RMB'000)	Actual (WITHOUT financial effects of Convertible Bonds)	
	Full year ended	
	31 December 2018 (Unaudited)	31 December 2017 (Audited)
<b>Operating activities</b>		
Profit before income tax	327,733	148,667
Adjustments for:		
Depreciation expense	63,366	34,414
Amortisation of intangible assets	37,574	12,933
Interest expense	61,824	33,551
Amortisation of land use rights	5,479	2,730
Exchange differences arising on foreign currency translation	(513)	137
Share of loss of associate	1,034	-
Loss/(gain) on disposal of property, plant and equipment	(381)	20
Share option expense	-	3,011
Interest income	(6,145)	(12,236)
Impairment allowance (Reversal of) on trade and non-trade receivables – net of reversals (impairment)	15,187	(15,265)
(Reversal of) Impairment allowance on inventories	(3,815)	534
Operating cash flows before movements in working capital	501,344	208,496
Trade receivables	19,253	(228,622)
Other receivables, deposits and prepayments	(27,389)	(116,843)
Inventories	(138,963)	(109,903)
Trade payables	(59,858)	385,427
Other payables	32,548	(9,689)
Cash generated from operations	326,935	128,866
Income tax paid	(46,641)	(21,668)
Interest paid	(79,188)	(33,551)
Interest received	6,145	12,236
Net cash generated from operating activities	207,251	85,883
<b>Investing activities</b>		
Purchase of property, plant and equipment	(71,709)	(52,368)
Prepayment for build-operate-transfer (“BOT”) projects	-	(15,269)
Acquisition of intangible assets	(228,419)	(521,803)
Acquisition of subsidiaries	(433,470)	(82,579)
Prepaid capital contribution for investment in a subsidiary	-	(10,000)
Acquisition of an associate	-	(10,290)
Payment for land use rights acquired	(33,717)	(993)
Proceeds from disposal of property, plant and equipment	604	749
Net cash used in investing activities	(766,711)	(692,553)
<b>Financing activities</b>		
Acquisition of non-controlling interest in a subsidiary	-	(999)
Contribution from non-controlling interest holders	63,698	63,700
Proceeds from new borrowings	837,798	903,616
Proceeds from convertible bonds	123,416	731,667
Pledged bank deposits	(23,905)	(19,258)
Payment of dividend	(4,239)	(4,393)
Payment of dividend to non-controlling interest from a subsidiary	(3,600)	(3,195)
Repayment of borrowings	(667,281)	(443,000)
Issuance of stock	16,155	-
Net cash used in from financing activities	342,042	1,228,138
Net (decrease)/ increase in cash and cash equivalents	(217,418)	621,468
Cash and cash equivalents at beginning of year	902,608	281,277
Effects of foreign exchange rate changes	116	(137)
<b>Cash and cash equivalents at end of year</b>	<b>685,306</b>	<b>902,608</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.**

<b>Actual (WITH financial effects of Convertible Bonds)</b>										
<b>Group</b>	<b>Share capital</b>	<b>Share premium</b>	<b>General reserves</b>	<b>Share option reserve</b>	<b>Foreign currency translation reserve</b>	<b>Revaluation reserve</b>	<b>Retained earnings</b>	<b>Equity attributable to equity holders of the Company</b>	<b>Non-controlling interest</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Balance at January 1, 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>70,508</b>	<b>12,828</b>	<b>261</b>	<b>-</b>	<b>713,976</b>	<b>1,118,042</b>	<b>25,693</b>	<b>1,143,735</b>
Adoption of SFRS(I)-1	-	-	-	-	(261)	-	261	-	-	-
<b>Balance of January 1, 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>70,508</b>	<b>12,828</b>	<b>-</b>	<b>-</b>	<b>714,237</b>	<b>1,118,042</b>	<b>25,693</b>	<b>1,143,735</b>
<b>Total comprehensive income for the year</b>										
Profit for the year	-	-	-	-	-	-	145,770	145,770	5,079	150,849
Other comprehensive income for the year	-	-	-	-	(137)	-	-	(137)	-	(137)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(137)</b>	<b>-</b>	<b>145,770</b>	<b>145,633</b>	<b>5,079</b>	<b>150,712</b>
<b>Transactions with owners, recognised directly in equity</b>										
Dividends paid	-	-	-	-	-	-	(4,393)	(4,393)	-	(4,393)
Dividends paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(3,195)	(3,195)
Transfer to general reserves	-	-	17,807	-	-	-	(17,807)	-	-	-
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	63,700	63,700
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	50,450	50,450
Effects of acquiring part of non-controlling interests in a subsidiary	-	-	(394)	-	-	-	-	(394)	(605)	(999)
Employee share option expenses	-	-	-	3,011	-	-	-	3,011	-	3,011
<b>Total</b>	<b>-</b>	<b>-</b>	<b>17,413</b>	<b>3,011</b>	<b>-</b>	<b>-</b>	<b>(22,200)</b>	<b>(1,776)</b>	<b>110,350</b>	<b>108,574</b>
<b>Balance at December 31, 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>87,921</b>	<b>15,839</b>	<b>(137)</b>	<b>-</b>	<b>837,807</b>	<b>1,261,899</b>	<b>141,122</b>	<b>1,403,021</b>
Adoption of SFRS(I)-9	-	-	-	-	-	(1,184)	(1,636)	(2,820)	-	(2,820)
<b>Total comprehensive income for the year</b>										
Profit for the year	-	-	-	-	-	-	320,520	320,520	12,035	332,555
Other comprehensive income for the year	-	-	-	-	116	(1,780)	-	(1,664)	-	(1,664)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116</b>	<b>(2,964)</b>	<b>318,884</b>	<b>316,036</b>	<b>12,035</b>	<b>328,071</b>
<b>Transactions with owners, recognised directly in equity</b>										
Dividends paid	-	-	-	-	-	-	(4,239)	(4,239)	-	(4,239)
Transfer to general reserves	-	-	29,971	-	-	-	(29,971)	-	-	-
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	63,700	63,700
Dividends paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(3,600)	(3,600)
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	27,160	27,160
Exercise of employee share options	1,908	21,680	-	(7,433)	-	-	-	16,155	-	16,155
<b>Total</b>	<b>1,908</b>	<b>21,680</b>	<b>29,971</b>	<b>(7,433)</b>	<b>-</b>	<b>-</b>	<b>(34,210)</b>	<b>11,916</b>	<b>87,260</b>	<b>99,176</b>
<b>Balance at December 31, 2018</b>	<b>55,439</b>	<b>288,618</b>	<b>117,892</b>	<b>8,406</b>	<b>(21)</b>	<b>(2,964)</b>	<b>1,122,481</b>	<b>1,589,851</b>	<b>240,417</b>	<b>1,830,268</b>

**Actual (WITHOUT financial effects of Convertible Bonds)**

<u>Group</u>	Share capital	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
<b>Balance at January 1, 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>70,508</b>	<b>12,828</b>	<b>261</b>	<b>-</b>	<b>713,976</b>	<b>1,118,042</b>	<b>25,693</b>	<b>1,143,735</b>
Adoption of SFRS(I)-1	-	-	-	-	(261)	-	261	-	-	-
<b>Balance of January 1, 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>70,508</b>	<b>12,828</b>	<b>-</b>	<b>-</b>	<b>714,237</b>	<b>1,118,042</b>	<b>25,693</b>	<b>1,143,735</b>
<u>Total comprehensive income for the year</u>										
Profit for the year	-	-	-	-	-	-	116,602	116,602	5,079	121,681
Other comprehensive income for the year	-	-	-	-	(137)	-	-	(137)	-	(137)
Total	-	-	-	-	(137)	-	116,602	116,465	5,079	121,544
<u>Transactions with owners, recognised directly in equity</u>										
Dividends paid	-	-	-	-	-	-	(4,393)	(4,393)	-	(4,393)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(3,195)	(3,195)
Transfer to general reserves	-	-	17,807	-	-	-	(17,807)	-	-	-
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	63,700	63,700
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	50,450	50,450
Effects of acquiring part of non-controlling interests in a subsidiary	-	-	(394)	-	-	-	-	(394)	(605)	(999)
Employee share option expenses	-	-	-	3,011	-	-	-	3,011	-	3,011
Total	-	-	17,413	3,011	-	-	(22,200)	(1,776)	110,350	108,574
<b>Balance at December 31, 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>87,921</b>	<b>15,839</b>	<b>(137)</b>	<b>-</b>	<b>808,639</b>	<b>1,232,731</b>	<b>141,122</b>	<b>1,373,853</b>
Adoption of SFRS(I)-9	-	-	-	-	-	(1,184)	(1,636)	(2,820)	-	(2,820)
<u>Total comprehensive income for the year</u>										
Profit for the year	-	-	-	-	-	-	253,551	253,551	12,035	265,586
Other comprehensive income for the year	-	-	-	-	116	(1,780)	-	(1,664)	-	(1,664)
Exercise of employee share options	1,908	21,680	-	(7,433)	-	-	-	16,155	-	16,155
Total	1,908	21,680	-	(7,433)	116	(2,964)	251,915	265,222	12,035	277,257
<u>Transactions with owners, recognised directly in equity</u>										
Dividends paid	-	-	-	-	-	-	(4,239)	(4,239)	-	(4,239)
Transfer to general reserves	-	-	29,971	-	-	-	(29,971)	-	-	-
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	63,700	63,700
Dividends paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(3,600)	(3,600)
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	27,160	27,160
Total	-	-	29,971	-	-	-	(34,210)	(4,239)	87,260	83,021
<b>Balance at December 31, 2018</b>	<b>55,439</b>	<b>288,618</b>	<b>117,892</b>	<b>8,406</b>	<b>(21)</b>	<b>(2,964)</b>	<b>1,026,344</b>	<b>1,493,714</b>	<b>240,417</b>	<b>1,734,131</b>

**Actual (WITH financial effects of Convertible Bonds)**

<u>Company</u>	Share capital	Share premium	Share option reserves	Retained earnings	Equity attributable to equity holders of the Company	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at January 1, 2017</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>
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
Dividends paid	-	-	-	(4,393)	(4,393)	(4,393)
Total	-	-	3,011	(4,393)	(1,382)	(1,382)
<b>Balance at December 31, 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>15,839</b>	<b>(6,577)</b>	<b>329,731</b>	<b>329,731</b>
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>						
Exercise of employee share options	1,908	21,680	(7,433)	-	16,155	16,155
Transfer to general reserves	-	-	-	(4,239)	(4,239)	(4,239)
Total	1,908	21,680	(7,433)	(4,239)	11,916	11,916
<b>Balance at December 31, 2018</b>	<b>55,439</b>	<b>288,618</b>	<b>8,406</b>	<b>34,362</b>	<b>386,825</b>	<b>386,825</b>

**Actual (WITHOUT financial effects of Convertible Bonds)**

<u>Company</u>	Share capital	Share premium	Share option reserve	Accumulated losses	Equity attributable to equity holders of the Company	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at January 1, 2017</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 year, representing total comprehensive loss 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
Dividends paid	-	-	-	(4,393)	(4,393)	(4,393)
Total	-	-	3,011	(4,393)	(1,382)	(1,382)
<b>Balance at December 31, 2017</b>	<b>53,531</b>	<b>266,938</b>	<b>15,839</b>	<b>(35,745)</b>	<b>300,563</b>	<b>300,563</b>
Loss for the year, representing total comprehensive loss for the year	-	-	-	(21,791)	(21,791)	(21,791)
<u>Transactions with owners, recognised directly in equity</u>						
Exercise of employee share options	1,908	21,680	(7,433)	-	16,155	16,155
Dividends paid	-	-	-	(4,239)	(4,239)	(4,239)
Total	1,908	21,680	(7,433)	(4,239)	11,916	11,916
<b>Balance at December 31, 2018</b>	<b>55,439</b>	<b>288,618</b>	<b>8,406</b>	<b>(61,775)</b>	<b>290,688</b>	<b>290,688</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, 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 a change in share capital during the financial year ended 31 December 2018 and no change in share capital during the financial year ended 31 December 2017.

There were no outstanding convertibles and treasury shares held or subsidiary holdings of the issuer as at 31 December 2018 and 31 December 2017.

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 December 2018 and 31 December 2017 was 765,447,342 and 737,657,142 ordinary shares respectively.

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

**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)(iv) 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.**

The Group has consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current reporting year compared with the audited financial statements for the year ended 31 December 2017, except that the Group has adopted the International Financial Reporting Standards and in particular, Singapore Financial Reporting Standards (International) ("SFRS(I)") 9 Financial Instruments and SFRS(I) 15 Revenue from contracts with customers effective from 1 January 2018.

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

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

The adoption of SFRS(I) 9 and SFRS(I) 15 did not give rise to any material impact on the financial statements of the Group except for RMB 2,820,000 of expected credit loss allowances and revaluation of notes receivables, which were adjusted against the retained earnings and revaluation reserves at 1 January 2018.

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

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

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

	Actual (WITH financial effects of Convertible Bonds)		Actual (WITHOUT financial effects of Convertible Bonds)	
	Full year ended		Full year ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Net profit attributable to equity holders of the Group (RMB'000)	320,521	145,770	253,552	116,602
Weighted average number of ordinary shares outstanding ('000)	765,447	737,657	765,447	737,657
Earnings per share - <b>basic</b> (RMB cent)	41.87	19.76	33.12	15.81

Basic earnings per share for the full year ended 31 December 2018 and 31 December 2017 have been calculated based on the issued share capital of 765,447,342 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)		Actual (WITHOUT financial effects of Convertible Bonds)	
	Full year ended		Full year ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Net profit attributable to equity holders of the Group (RMB'000)	405,474	203,994	253,552	116,602
Weighted average number of ordinary shares outstanding ('000)	1,087,280	1,044,916	1,087,280	1,044,916

Earnings per share - <i>diluted</i> (RMB cents)	37.29	19.52	23.32	11.16
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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 December 2018	31 December 2017	31 December 2018	31 December 2017
	<i>(WITH financial effects of Convertible Bonds)</i>		<i>(WITHOUT financial effects of Convertible Bonds)</i>	
Net asset value per share (RMB cents)	207.70	169.86	195.14	165.91

	Company			
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	<i>(WITH financial effects of Convertible Bonds)</i>		<i>(WITHOUT financial effects of Convertible Bonds)</i>	
Net asset value per share (RMB cents)	50.54	44.70	37.98	40.75

The net asset value per share for 31 December 2018 and 31 December 2017 have been computed based on shareholders' equity as at these dates and the existing share capital of 765,447,342 and 737,657,142 ordinary shares as at 31 December 2018 and 31 December 2017 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 year ended 31 December 2018 ("FY2018") as compared to that of the year ended 31 December 2017 ("FY2017")**

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



### Revenue

The Group's revenue increased by approximately RMB 1,297.4 million or 66.0% from RMB 1,965.5 million in FY2017 to RMB 3,262.9 million in FY2018. The increase was attributed to the increase in (a) revenue of RMB 712.7 million or 39.3% from the Manufacturing and Services (M&S) segment; and an increase of RMB 584.7 million or 384.4% from the Green Investments (GI) segment.

### Gross Profit

The Group's gross profit increased by approximately RMB 286.0 million or 70.1% from RMB 407.8 million in FY2017 to RMB 693.8 million in FY2018. The increase was attributed to the ramp-up of GI segment, which contributed by RMB223.7 million.

### Profit before Income Tax

Profit before tax increased by RMB 216.9 million or 121.9% from RMB 177.8 million in FY2017 to RMB 394.7 million in FY2018. The increase was mainly attributable to the following factors:

- (a) Increase in fair value gain on Convertible Bonds and warrants of RMB 101.0 million between 31 December 2017 and 31 December 2018.

The above-mentioned factors were offset mainly by:

- (a) Increase in administrative expenses of RMB 77.8 million caused mainly by the increase in personnel expenses of RMB 56.8 million and other office expenses arising from the expansion of the GI business;
- (b) Increase in foreign exchange loss of RMB 17.6 million in FY2018 caused mainly by the translation of USD Convertible Bonds to RMB as US dollar appreciated during this period; and
- (c) Increase in finance costs of RMB 55.0 million in FY2018 mainly due to the accrued effective interest of Convertible Bonds.

### Income Tax Expense

Excluding the non-tax deductible effect of the Convertible Bonds, the effective tax rate for FY2018 would have been 19.0%.

The Group's effective income tax rate is 15.7% for FY2018.

### Profit for the Year

The Group's net profit attributable to shareholders increased by RMB 174.8 million or 119.9% from RMB 145.8 million in FY2017 to RMB 320.5 million in FY2018.

- (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 approximately RMB 16.0 million or 0.5% from RMB 2,966.4 million as at 31 December 2017 to RMB 2,982.4 million as at 31 December 2018. The increase was mainly due to:

- (a) Increase in pledged bank deposits of RMB 23.9 million as collaterals were mainly required for the credit facilities granted;
- (b) Increase in trade receivables of RMB 24.7 million arising mainly from an increase in retention receivables of RMB 55.1 million, offset by the aggregate decrease in trade receivables, notes receivables with third parties and bad debts of RMB 30.4 million.

Approximately 51.6% and 14.5% of the trade receivables at 31 December 2017 and 31 December 2018 respectively were collected as at 31 January 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;

- (c) Increase in inventories of RMB 157.1 million primarily due to an aggregate increase of RMB 191.0 million in work-in-progress and impairment allowance on inventory, offset by the decrease in raw materials and consumable of RMB 33.9 million; and
- (d) Increase in other receivables of RMB 26.4 million due to the increase in prepayments of RMB 4.3 million and the increase in other receivables of RMB 22.1 million.

The above increase was mitigated by the following:

- (a) Decrease in cash and cash equivalents of RMB 217.3 million, mainly due to the usage of funds for Build-Operate-Transfer ("BOT") and GI projects.

The Group's total non-current assets increased by RMB 1,607.2 million or 79.0% from RMB 2,033.9 million as at 31 December 2017 to RMB 3,641.1 million as at 31 December 2018. The increase was mainly due to:

- (a) Increase in property, plant and equipment of RMB 395.9 million mainly due to the expansion of business in the GI segment;

- (b) Increase in intangible assets of aggregate RMB 1,101.7 million due to service concession arrangements relating to “BOT, BOO and TOT” projects on hand as at 31 December 2018 and the increase in goodwill relating to the project acquisition of TOT project, namely the Yongxing Plant; and
- (c) Increase in lease premium for land of RMB 91.5 million due to the project acquisition of GI project.

The Group’s total current liabilities increased by RMB 761.1 million or 33.0% from RMB 2,306.0 million as at 31 December 2017 to RMB 3,067.1 million as at 31 December 2018, mainly due to the following:

- (a) Increase in trade payables of RMB 340.9 million as a result of the aggregate increase in customer advances, trade payables with outside parties and notes payables with third parties; and
- (b) Increase in other payables of RMB 418.8 million primarily due to consideration payable for newly-acquired GI projects.

The Group’s total non-current liabilities increased by approximately RMB 434.8 million or 33.7% from RMB 1,291.3 million as at 31 December 2017 to RMB 1,726.1 million as at 31 December 2018. The increase was mainly due to:

- (a) Increase in long-term borrowings of approximately RMB 271.8 million to finance the acquisition of GI projects;
- (b) Increase in deferred tax liabilities of approximately RMB 111.8 million due to the TOT project acquisition of Yongxing Plant;
- (c) Increase in issuance of Convertible Bonds of RMB 43.3 million in 4Q2018. *Please refer to Section 8 Financial Effects of Convertible Bonds;* and
- (d) Increase in issuance of Warrants of RMB 9.0 million.

#### **Review of the Group’s cash flow statement**

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

Net cash generated from operating activities amounted to approximately RMB 207.3 million in FY2018, primarily due to operating cash flows before movements in working capital of approximately RMB 501.3 million that were derived from:

- (a) Higher working capital requirements due to the decrease in trade receivables of RMB 19.3 million, increase in other receivables, deposits and prepayments of RMB 27.4 million and increase in inventories of RMB 139.0 million respectively;
- (b) Higher working capital requirements due to the decrease in trade payables of RMB 59.9 million and increase in other payables of RMB 32.5 million respectively; and
- (c) Interest and tax paid of RMB 125.8 million in aggregate.

Net cash used in investing activities amounted to RMB 766.7 million mainly due to an increase in expenditure on intangible assets of RMB 228.4 million, acquisition of subsidiaries of RMB 433.5 million, purchase of land use rights acquired and property, plant and equipment of RMB 33.7 million and RMB 71.7 million respectively.

Net cash generated from financing activities amounted to RMB 342.0 million due to proceeds of borrowings of RMB 837.8 million, proceeds from Convertible Bonds of RMB 123.4 million and contribution from minority interest of RMB 63.7 million, offset by repayment of bank loans of borrowings and pledged bank deposits of RMB 667.3 million and RMB 23.9 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\$ 67.5 million, after deducting transaction expenses of approximately US\$ 2.5 million. On 15 October 2018, the Company has completed the issuance of CB2 of an aggregate principal amount of US\$ 20 million and 16,464,490 warrants to the Investors.

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 31 January 2019, the Company has utilised an aggregate of US\$ 112.4 million of the net proceeds from Convertible Bonds as per schedule below.

<b>Project</b>	<b>Use of Convertible Bonds Proceeds</b>	<b>Amount</b>
Shantou	Project construction and equipment procurement	US\$20.5 million (approximately RMB132.6 million)
Liutuan	Registered capital	US\$0.8 million (approximately RMB5.2 million)
Jining JVC	Installation of steam distribution pipeline	US\$1.6 million (approximately RMB10.3 million)
Xinjiang	Registered capital	US\$1.4 million (approximately RMB9.0 million)
Yingtian	Registered capital	US\$0.1 million (approximately RMB0.5 million)
Shandong Yangguang Institute	Purchase consideration of the acquisition	US\$4.3 million (approximately RMB28.0 million)
Xinyuan Thermal Power	Purchase consideration of the acquisition	US\$13.1 million (approximately RMB85.0 million)
Xintai Zhengda Thermoelectric	Purchase consideration of the acquisition and construction of new facilities	US\$22.0 million (approximately RMB145.0 million)
Yongxing Thermal Power	Purchase consideration of the acquisition	US\$41.6 million (approximately 275.8 million)
General	Administrative and general expenses for business expansion of Green Investment related business	US\$7.3 million (approximately RMB47.7 million)
<b>Total Convertible Bonds Proceeds utilized</b>		<b>US\$112.7 million (approximately RMB739.1 million)</b>
<b>Balance of Convertible Bonds Proceeds available for use</b>		<b>US\$ 13.5 million (approximately RMB 93.7 million)</b>

\*Note: The balance of Convertible Bonds proceeds 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 dated 13 February 2017.

### **Financial Effects of Convertible Bonds**

Convertible Bonds were issued on 3 March 2017 with the carrying amount of the Convertible Bonds currently stated at fair value as at 31 March 2017. In accordance with SFRS(I), the financial effects on profit or loss associated with the issuance of compound financial instruments are as follows: (i) fair value change arising from fair valuation relating to the conversion option and (ii) amortised interest charge relating to the amortised cost liability component of the Convertible Bonds. The fair value change is an accounting treatment arising from the compliance with the accounting standards and has no cash flow effect and no financial impact on the performance targets in relation to the Convertible Bonds as stipulated in the Convertible Bonds Agreement stated in the circular dated 13 February 2017.

The fair value change of the Convertible Bonds and the related financial effects to the statement of profit or loss and other statements have no operational effects to the financial performance of the Group. Financial effects of Convertible Bonds consist of unrealised foreign exchange translation, amortised interest expenses (inclusive of interest charges) and fair value gain/ (loss) of Convertible Bonds. Excluding the financial effects of the Convertible Bonds, net profit attributable to equity holders of the Company increased by RMB 125.6 million or 107.7% from RMB 116.6 million in FY2017 to RMB 242.2 million in FY2018.

#### **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 July 2018, China's State Council released the new 2018-2020 Three-year Action Plan for Winning the Blue Sky War that covers more cities than before.<sup>1</sup> The Ministry of Ecology and Environment has stated its plan to crack down on officials in regions that miss air quality targets, and refused to accept unfavourable weather or economic pressure as excuses.<sup>2</sup> Such top-level

<sup>1</sup> <https://www.eco-business.com/news/china-releases-2020-action-plan-for-air-pollution/>

<sup>2</sup> <https://www.japantimes.co.jp/news/2019/01/22/asia-pacific/science-health-asia-pacific/china-vows-crackdown-underperformers-ongoing-war-air-pollution/#.XGotGpMzbfE>

official backing will drive the long-term growth prospects of anti-smog services sector that Sunpower's GI is targeting at.

Excluding the financial effects of Convertible Bonds, the Group achieved record growth in top and bottom line in FY2018, driven by the stronger-than-expected expansion of its GI segment. Group revenue rose 66.0% YoY to RMB3,262.9 million, and EBITDA grew by 113.5% YoY to RMB496.0 million, resulting in the underlying net profit increasing by 81.7% YoY to RMB267.8 million. Underlying operating cash flow was RMB224.6 million, 2.6x of that of 2017.

Revenue and EBITDA generated by GI in FY2018 totalled RMB736.8 million and RMB276.3 million respectively, up 384.4% and 303.7% YoY and accounting for 22.6% and 55.7% of the Group, respectively. Benefiting from the strong tariff collection due to the ability to require prepayments by customers, GI projects recorded operating cash flows of RMB211.7 million in FY2018. As such, Sunpower has successfully grown into a company that is driven by long-term, recurring, high-quality income and cashflow.

With GI earmarked as the Group's growth driver and value creators, Sunpower has been focused on building up a sizeable and valuable GI portfolio which generates long-term, recurring and high quality income and cash flows. Sunpower has achieved initial success with 7 operating projects, evident by the strong results of 2018 which has benefited earnings growth as well as improved quality of earnings and cashflows. To-date, the Group has invested and committed a total of RMB 1.3 billion equity investment in its existing GI projects and is on track to invest a total of RMB 2.5 billion in equity by 2021. Sunpower's GI projects enjoy attractive double-digit internal rate of return (IRR), supported by concessions of typically 30 years. The net present value (NPV) of long-term GI cash flows is expected to exceed considerably the current EBITDA contributions.

Meanwhile, the M&S segment remains a foundation business for the Group, recording strong revenue growth of 39.3% YoY to record RMB2.5 billion in FY2018 with margins sustained and positive cashflow, which also supports the rapid and sustainable expansion of GI. The total orders of the Group on hand amounted to RMB2.5 billion in February 2019, after taking into account contract deliveries in FY2018. Moreover, Sunpower has 70% repeat customer base across over 15 industries and its proven track record has garnered a large base of reputable customers that include BASF, BP, Shell, CNOOC, CNPC, SINOPEC etc.

Barring unforeseen circumstances, Sunpower is well placed to further improve earnings growth with quality in the next phase. The Group expects the continued ramp-up of the existing GI operations, securing more earnings accretive M&As and trial production of Shantou Project as well as focus on quality M&S orders to benefit its growth in FY2019.

**11. If a decision regarding dividend has been made:**

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

A first and final ordinary dividend has been recommended.

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

**(ii) Previous corresponding period in cents**

	<u>FY2018</u>	<u>FY2017</u>
Dividend Amount Per Share:	S\$ 0.0019 per ordinary share	S\$ 0.0012 per ordinary share
Par Value:	US\$ 0.01	US\$ 0.01
Dividend Type:	Cash	Cash

**(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).**

The dividend is tax exempt and is not taxable in the hands of shareholders.

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

To be announced later.

**(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.**

To be announced later.

**12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

Not applicable.

**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. 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).**

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



**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	<b>M &amp; S</b>	<b>Green Investments</b>	<b>Total</b>
<b><u>2018</u></b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>	2,526,078	736,815	3,262,893
<b>Result:</b>			
Segment result	234,127	196,012	430,139
Unallocated corporate expenses			(47,289)
Fair value effect of Convertible Bonds			67,528
Interest expense	(26,574)	(35,248)	(61,822)
Interest income	2,572	3,574	6,146
Profit before income tax			394,702
Income tax expense			(62,146)
Profit after income tax			332,556
<b><u>2017</u></b>			
<b>Revenue</b>	1,813,349	152,121	1,965,470
<b>Result:</b>			
Segment result	172,751	46,801	219,552
Unallocated corporate expenses			(49,570)
Fair value effect of Convertible Bonds			29,168
Interest income	7,662	4,574	12,236
Finance cost	(22,228)	(11,322)	(33,550)
Profit before income tax			177,835
Income tax expense			(26,986)
Profit after income tax			150,849

	<b>M &amp; S</b>	<b>Green Investments</b>	<b>Total</b>
<b>2018</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Statement of Net Assets</b>			
<b>Assets:</b>			
Segment assets	2,742,724	3,737,938	6,480,663
Unallocated assets			142,784
Total assets			<u>6,623,447</u>
<b>Liabilities:</b>			
Segment liabilities	1,938,778	1,956,793	3,895,571
Unallocated liabilities			897,608
Total liabilities			<u>4,793,179</u>

## **2017**

### **Statement of Net Assets**

<b>Assets:</b>			
Segment assets	2,517,508	2,411,030	4,928,538
Unallocated assets			71,765
Total assets			<u>5,000,303</u>
<b>Liabilities:</b>			
Segment liabilities	1,646,528	1,219,998	2,866,526
Unallocated liabilities			730,756
Total liabilities			<u>3,597,282</u>

### **Other Information**

	<b>M &amp; S</b>	<b>Green Investments</b>	<b>Total</b>
<b>2018</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Capital expenditure	64,835	1,319,120	1,383,955
- Property, plant and equipment	64,835	393,287	458,122
- Intangible assets		827,576	827,576
- Land use rights		98,257	98,257
Depreciation expenses	27,477	35,888	63,366
Impairment allowance on //(Reversal of)			
- trade and non-trade receivables-net	13,917	1,270	15,187
- inventories	(3,815)		(3,815)
Amortisation of trademark and intangible assets	572	37,002	37,574
Amortisation of land use rights	2,016	3,463	5,479

## **2017**

Capital expenditure			
- Property, plant and equipment	38,027	220,952	258,979
- Intangible assets		521,803	521,803
- Land use rights	993	27,197	28,190
Depreciation expenses	29,984	4,430	34,414
Impairment allowance on //(Reversal of)			
- trade and non-trade receivables-net	(15,265)		(15,265)
- inventory	(4,115)		(4,115)
Amortisation of intangible assets	981	11,952	12,933
Amortisation of land use rights	2,030	1,790	3,820

### Geographical information

The geographical locations of the customers of the Group principally comprise the People's Republic of China ("PRC"), United States of America ("USA"), Europe, Middle East, Asia (except PRC), South East Asia and South America.

	Revenue from External customer		Non-current assets	
	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
PRC	2,969,738	1,811,363	3,641,079	2,033,894
Canada	1,150	550	-	-
U.S.A.	168,940	34,904	-	-
Asia	29,745	-	-	-
South East Asia	54,950	42,420	-	-
Middle East	20,510	21,679	-	-
Europe	17,860	54,642	-	-
South America	-	-	-	-
Oceania	-	(88)	-	-
<b>Total</b>	<b>3,262,893</b>	<b>1,965,470</b>	<b>3,641,079</b>	<b>2,033,894</b>

**16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Paragraph 8.

**17. A breakdown of sales as follows:-**

	Group		% increase/ (decrease)
	2018 RMB'000	2017 RMB'000	
18(a) Sales reported for first half year	1,219,608	719,075	69.6
18(b) Operating profit/(loss) after tax before deducting minority interests reported for first half year	350	(52,527)	(100.7)
18(c) Sales reported for second half year	2,043,285	1,246,395	63.9
18(d) Operating profit/(loss) after tax before deducting minority interests reported for second half year	332,206	203,376	63.3

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

	FY2018		2017	
	S\$	RMB	S\$	RMB
Final tax-exempt dividend paid per share	0.0019	0.0095	0.0012	0.006
Number of shares	765,447,342	765,447,342	737,657,142	737,657,142
<b>Total</b>	<b>1,454,350</b>	<b>7,271,750</b>	<b>885,189</b>	<b>4,425,943</b>

- 19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company wishes to advise that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries are related to a director, chief executive officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

Ma Ming  
Executive Director

27 February 2019