

Unaudited Financial Statements for the Second Quarter Ended 30 June 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS

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

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2020

(RMB'000)	Actual (WITH financial effects of Convertible Bonds and Warrants)						Actual (WITHOUT financial effects of Convertible Bonds and Warrants)					
	Second quarter ended			Six months ended			Second quarter ended			Six months ended		
	30 June 2020	30 June 2019	% change	30 June 2020	30 June 2019	% change	30 June 2020	30 June 2019	% change	30 June 2020	30 June 2019	% change
Revenue	1,084,209	659,032	64.5	1,756,892	1,470,635	19.5	1,084,209	659,032	64.5	1,756,892	1,470,635	19.5
Cost of sales	(827,672)	(487,257)	69.9	(1,345,957)	(1,127,408)	19.4	(827,672)	(487,257)	69.9	(1,345,957)	(1,127,408)	19.4
Gross profit	256,537	171,775	49.3	410,935	343,227	19.7	256,537	171,775	49.3	410,935	343,227	19.7
Other operating income	8,303	7,881	5.4	17,847	22,031	(19.0)	8,303	7,881	5.4	17,847	22,031	(19.0)
Selling and distribution expenses	(10,600)	(12,548)	(15.5)	(19,774)	(24,145)	(18.1)	(10,600)	(12,548)	(15.5)	(19,774)	(24,145)	(18.1)
Administrative expenses	(72,608)	(61,794)	17.5	(130,602)	(126,845)	3.0	(67,775)	(61,149)	10.8	(125,228)	(125,551)	(0.3)
Exchange gain/(loss)	4,579	(9,113)	(150.2)	(12,649)	(1,454)	769.9	291	1,752	(83.4)	205	(84)	(344.0)
Other operating expenses	(4,893)	(12,559)	(61.0)	(11,945)	(20,424)	(41.5)	(4,893)	(12,559)	(61.0)	(11,945)	(20,424)	(41.5)
Finance costs	(62,255)	(57,096)	9.0	(115,734)	(100,151)	15.6	(24,890)	(29,298)	(15.0)	(48,591)	(47,809)	1.6
Share of profit of associate	434	349	24.4	669	627	6.7	434	349	24.4	669	627	6.7
Fair value changes on convertible bonds	(61,864)	(25,802)	139.8	147,046	(103,570)	(242.0)	-	-	n.m.	-	-	n.m.
Fair value changes on warrants	(1,303)	9,382	(113.9)	4,160	767	442.4	-	-	n.m.	-	-	n.m.
Profit/(Loss) before income tax	56,330	10,475	437.8	289,953	(9,937)	(3,017.9)	157,407	66,203	137.8	224,118	147,872	51.6
Income tax expense	(34,230)	(13,138)	160.5	(47,023)	(31,430)	49.6	(34,230)	(13,138)	160.5	(47,023)	(31,430)	49.6
Profit/(Loss) for the period	22,100	(2,663)	(929.9)	242,930	(41,367)	(687.3)	123,177	53,065	132.1	177,095	116,442	52.1
Exchange difference on translation of foreign operation	(3)	(230)	(98.7)	36	(15)	(340.0)	(3)	(230)	(98.7)	36	(15)	(340.0)
Net fair value loss on investments in equity instruments classified as at FVTOCI	-	119	(100.0)	-	293	(100.0)	-	119	(100.0)	-	293	(100.0)
Net fair value gain on investments in debt instruments classified as at FVTOCI	427	(478)	(189.3)	638	454	40.5	427	(478)	(189.3)	638	454	40.5
Total comprehensive income/(loss) for the period	22,524	(3,252)	(792.6)	243,604	(40,635)	(699.5)	123,601	52,476	135.5	177,769	117,174	51.7

(RMB'000)	Actual (WITH financial effects of Convertible Bonds and Warrants)						Actual (WITHOUT financial effects of Convertible Bonds and Warrants)					
	Second quarter ended			Six months ended			Second quarter ended			Six months ended		
	30 June 2020	30 June 2019	% change	30 June 2020	30 June 2019	% change	30 June 2020	30 June 2019	% change	30 June 2020	30 June 2019	% change
Profit/(Loss) for the period attributable to:												
Equity holders of the Company	21,393	(5,244)	(508.0)	239,377	(46,792)	(611.6)	122,470	50,484	142.6	173,542	111,017	56.3
Non-controlling interest	707	2,581	(72.6)	3,553	5,425	(34.5)	707	2,581	(72.6)	3,553	5,425	(34.5)
Profit/(Loss) for the period	22,100	(2,663)	(929.9)	242,930	(41,367)	(687.3)	123,177	53,065	132.1	177,095	116,442	52.1
Total comprehensive income/(loss) for the period attributable to:												
Equity holders of the Company	21,791	(5,870)	(471.2)	239,881	(46,339)	(617.7)	122,868	49,858	146.4	174,046	111,470	56.1
Non-controlling interest	733	2,618	(72.0)	3,723	5,704	(34.7)	733	2,618	(72.0)	3,723	5,704	(34.7)
Profit/(Loss) for the period	22,524	(3,252)	(792.6)	243,604	(40,635)	(699.5)	123,601	52,476	135.5	177,769	117,174	51.7

n.m. denotes not meaningful

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.

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)					
	Second quarter ended			Six months ended			Second quarter ended			Six months ended		
	30 June 2020	30 June 2019	% change	30 June 2020	30 June 2019	% change	30 June 2020	30 June 2019	% change	30 June 2020	30 June 2019	% change
Depreciation expense	23,752	27,223	(12.8)	48,839	47,532	2.7	23,752	27,223	(12.8)	48,839	47,532	2.7
Amortisation of land use rights	1,593	2,016	(21.0)	3,466	3,538	(2.0)	1,593	2,016	(21.0)	3,466	3,538	(2.0)
Amortisation of intangible assets	13,565	11,389	(19.1)	27,523	22,776	20.8	13,565	11,389	(19.1)	27,523	22,776	20.8
Impairment loss on trade and non-trade receivables subject to ECL	3,211	12,309	(73.9)	8,629	19,172	(55.0)	3,211	12,309	(73.9)	8,629	19,172	(55.0)
Reversal of impairment allowance on inventories	(1,735)	(31)	5,496.8	(1,735)	(402)	331.6	(1,735)	(31)	5,496.8	(1,735)	(402)	331.6
Reversal of impairment loss on trade and non-trade receivables subject to ECL	(2,967)	(4,143)	(28.4)	(6,339)	(14,006)	(54.7)	(2,967)	(4,143)	(28.4)	(6,339)	(14,006)	(54.7)
Loss on disposal of property, plant and equipment - net	128	320	(60.0)	323	389	(17.0)	128	320	(60.0)	323	389	(17.0)
Foreign exchange (gain)/loss - net	(4,579)	9,113	(150.2)	12,649	1,454	769.9	(291)	(1,752)	(83.4)	(205)	84	(344.0)
Interest expense	62,255	57,096	9.0	115,734	100,151	15.6	24,890	29,298	(15.0)	48,591	47,809	1.6
Fair value loss/(gain) on convertible bonds	61,864	25,802	139.8	(147,046)	103,570	(242.0)	-	-	n.m.	-	-	n.m.
Fair value loss/(gain) on warrants	1,303	(9,382)	(113.9)	(4,160)	(767)	442.4	-	-	n.m.	-	-	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)					
	Second quarter ended			Six months ended			Second quarter ended			Six months ended		
	30 June 2020	30 June 2019	% change	30 June 2020	30 June 2019	% change	30 June 2020	30 June 2019	% change	30 June 2020	30 June 2019	% change
Government grants	1,534	2,397	(36.0)	4,671	4,374	6.8	1,534	2,397	(36.0)	4,671	4,374	6.8
Interest income	1,802	565	218.9	3,020	1,487	103.1	1,802	565	218.9	3,020	1,487	103.1
Government rebates	-	-	n.m.	1,927	-	n.m.	-	-	n.m.	1,927	-	n.m.
Gain on disposal of plant and equipment	569	5	11,280	573	38	1,407.9	569	5	11,280	573	38	1,407.9
Reversal of impairment loss on trade and non-trade receivables subject to ECL	2,967	4,143	(28.4)	6,339	14,006	(54.7)	2,967	4,143	(28.4)	6,339	14,006	(54.7)
Others	1,431	771	85.6	1,317	2,126	(38.1)	1,431	771	85.6	1,317	2,126	(38.1)
Total	8,303	7,881	5.4	17,847	22,031	(19.0)	8,303	7,881	5.4	17,847	22,031	(19.0)

n.m. denotes not meaningful

***There is no difference for other operating income with and without financial effects of Convertible Bonds and Warrants for the second quarter and half year ended 30 June 2020.**

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 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
ASSETS				
Current assets:				
Cash and cash equivalents	628,781	690,481	21,484	13,343
Pledged bank deposits	102,779	107,047	-	-
Trade receivables and contract assets	1,326,964	1,352,243	-	-
Other receivables, deposits and prepayments	341,443	340,931	29,364	39,708
Inventories	545,481	545,015	-	-
Land use rights	7,869	7,132	-	-
Financial assets at fair value through other comprehensive income	145,188	191,532	-	-
Total current assets	3,098,505	3,234,381	50,848	53,051
Non-current assets:				
Land use rights	319,425	294,217	-	-
Property, plant and equipment	998,600	1,012,861	-	-
Right-of-use assets	11,909	14,003	-	-
Other receivables, deposits and prepayments	54,282	45,639	52,420	120,510
Financial assets at fair value through other comprehensive income	12,291	12,291	-	-
Subsidiaries	-	-	998,038	998,038
Associate	11,122	10,453	-	-
Intangible assets	2,785,077	2,526,828	-	-
Deferred tax assets	42,943	40,011	-	-
Goodwill	415,582	415,582	-	-
Commitment fee	5,586	11,172	5,586	11,172
Total non-current assets	4,656,817	4,383,057	1,056,044	1,129,720
Total assets	7,755,322	7,617,438	1,106,892	1,182,771
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	1,494,573	1,586,284	25,956	-
Other payables	355,658	526,492	30,665	69,784
Lease liabilities	-	3,702	-	-
Borrowings	797,812	1,009,611	21,239	41,857
Warrants	1,757	5,917	1,757	5,917
Income tax payable	57,982	70,799	-	-
Total current liabilities	2,707,782	3,202,805	79,617	117,558
Non-current liabilities:				
Deferred tax liabilities	214,721	213,716	-	-
Borrowings	1,742,153	1,272,203	-	-
Convertible bonds	842,537	921,307	842,537	921,307
Lease liabilities	6,934	7,539	-	-
Total non-current liabilities	2,806,345	2,414,765	842,537	921,307
Capital and reserves:				
Share capital	57,251	57,251	57,251	57,251
Treasury shares	(4,690)	(4,690)	(4,690)	(4,690)
Share premium	309,061	309,061	309,061	309,061
General reserves	199,153	183,165	-	-
Share option reserve	1,346	1,346	1,346	1,346
Foreign currency translation reserve	55	19	-	-
Fair value reserve	(2,744)	(3,212)	-	-
Retained earnings (Accumulated losses)	1,403,720	1,190,358	(178,230)	(219,062)
Equity attributable to equity holders of the Company	1,963,152	1,733,298	184,738	143,906
Non-controlling interests	278,043	266,570	-	-
Total equity	2,241,195	1,999,868	184,738	143,906
Total liabilities and equity	7,755,322	7,617,438	1,106,892	1,182,771

(RMB'000)	Actual (WITHOUT financial effects of Convertible Bonds and Warrants)			
	Group		Company	
	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
ASSETS				
Current assets:				
Cash and cash equivalents	628,781	690,481	21,484	13,343
Pledged bank deposits	102,779	107,047	-	-
Trade receivables and contract assets	1,326,964	1,352,243	-	-
Other receivables, deposits and prepayments	341,443	340,931	29,364	39,708
Inventories	545,481	545,015	-	-
Land use rights	7,869	7,132	-	-
Financial assets at fair value through other comprehensive income	145,188	191,532	-	-
Total current assets	3,098,505	3,234,381	50,848	53,051
Non-current assets:				
Land use rights	319,425	294,217	-	-
Property, plant and equipment	998,600	1,012,861	-	-
Right-of-use assets	11,909	14,003	-	-
Other receivables, deposits and prepayments	54,282	45,639	52,420	120,510
Financial assets at fair value through other comprehensive income	12,291	12,291	-	-
Subsidiaries	-	-	998,038	998,038
Associate	11,122	10,453	-	-
Intangible assets	2,785,077	2,526,828	-	-
Deferred tax assets	42,943	40,011	-	-
Goodwill	415,582	415,582	-	-
Commitment fee	13,897	13,897	13,897	13,897
Total non-current assets	4,665,128	4,385,782	1,064,355	1,132,445
Total assets	7,763,633	7,620,163	1,115,203	1,185,496
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	1,494,573	1,586,284	25,956	25,956
Other payables	347,914	507,544	22,921	24,881
Borrowings	797,812	1,009,611	21,239	41,857
Lease liabilities	-	-	-	-
Warrants	13,897	13,897	13,897	13,897
Income tax payable	57,982	70,799	-	-
Total current liabilities	2,712,178	3,188,135	84,013	106,591
Non-current liabilities:				
Deferred tax liabilities	214,721	213,716	-	-
Borrowings	1,742,153	1,272,203	-	-
Convertible bonds	794,265	816,978	794,265	816,978
Lease liabilities	6,934	11,241	-	-
Total non-current liabilities	2,758,073	2,314,138	794,265	816,978
Capital and reserves:				
Share capital	57,251	57,251	57,251	57,251
Treasury shares	(4,690)	(4,690)	(4,690)	(4,690)
Share premium	309,061	309,061	309,061	309,061
General reserves	199,153	183,165	-	-
Share option reserve	1,346	1,346	1,346	1,346
Foreign currency translation reserve	55	19	-	-
Fair value reserve	(2,744)	(3,212)	-	-
Retained earnings (Accumulated losses)	1,455,907	1,308,380	(126,043)	(101,041)
Equity attributable to equity holders of the Company	2,015,339	1,851,320	236,925	261,927
Non-controlling interests	278,043	266,570	-	-
Total equity	2,293,382	2,117,890	236,925	261,927
Total liabilities and equity	7,763,633	7,620,163	1,115,203	1,185,496

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

Amount repayable in one year or less, or on demand

(RMB'000)	As at 30 June 2020		As at 31 December 2019	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>497,475</u>	<u>300,337</u>	<u>512,225</u>	<u>497,386</u>

Amount repayable after one year

(RMB'000)	As at 30 June 2020		As at 31 December 2019	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>1,543,653</u>	<u>198,500</u>	<u>1,184,203</u>	<u>88,000</u>

Details of any collaterals:

<u>Collaterals</u>	<u>30 June 2020 RMB'000</u>	<u>31 December 2019 RMB'000</u>
Secured by building and land use right of the subsidiary	1,445,228	1,187,728
Pledge of shareholding	595,900	508,700
Guaranteed by the company	146,198	154,029

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2020

(RMB'000)	Actual (WITH financial effects of Convertible Bonds and Warrants)			
	Second quarter ended		Six months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Operating activities				
Profit/(Loss) before income tax	56,330	10,475	289,953	(9,937)
Adjustments for:				
Depreciation expense	23,752	27,223	48,839	47,532
Amortisation of intangible assets	13,565	11,389	27,523	22,776
Interest expense	62,255	57,096	115,734	100,151
Amortisation of land use rights	1,593	2,016	3,466	3,538
Share of profit of associate	(434)	(349)	(669)	(627)
Reversal of impairment allowance on inventories	(1,735)	(31)	(1,735)	(402)
Loss on disposal of property, plant and equipment	128	320	323	389
Interest income	(1,802)	(565)	(3,020)	(1,487)
Impairment allowance on trade and non-trade receivables, net	244	8,166	2,290	5,166
Amortisation of commitment fee	4,833	645	5,374	1,294
Exchange (gain)/loss on warrants	(223)	(294)	212	471
Fair value loss/(gain) on warrants	1,303	(9,382)	(4,160)	(767)
Exchange (gain)/loss on convertible bonds	(4,065)	11,159	12,642	899
Fair value loss/(gain) on convertible bonds	61,864	25,802	(147,046)	103,570
Operating cash flows before movements in working capital	217,608	143,670	349,726	272,566
Trade receivables	74,065	(65,377)	69,801	(65,452)
Other receivables, deposits and prepayments	(36,441)	(57,284)	(512)	(75,185)
Inventories	(51,339)	(85,156)	1,269	(117,856)
Trade payables	(64,527)	152,764	(189,615)	194,738
Other payables	64,658	28,339	108	54,790
Cash generated from operations	204,024	116,956	230,777	263,601
Income tax paid	(4,724)	(12,886)	(61,767)	(51,312)
Interest received	1,801	565	3,019	1,487
Interest paid	(16,828)	(16,461)	(33,506)	(31,956)
Net cash from operating activities	184,273	88,174	138,523	181,820
Investing activities				
Purchase of property, plant and equipment	(26,870)	(9,471)	(35,303)	(16,637)
Prepayment for build-operate-transfer ("BOT") projects	27,054	-	(8,643)	-
Acquisition of land use rights	(29,411)	-	(29,411)	-
Acquisition of intangible assets	(77,876)	622	(187,866)	(101,200)
Proceeds from disposal of property, plant and equipment	335	(484)	282	12
Payment of deferred consideration relating to acquisition of subsidiaries	-	(25,000)	(171,690)	(522,250)
Net cash used in investing activities	(106,768)	(34,333)	(432,631)	(640,075)
Financing activities				
Proceeds from new borrowings	301,500	180,797	1,039,852	667,797
Issuance of stock, net of issue cost	-	9,344	-	12,269
Share buy-backs	-	-	-	(4,690)
Contribution from minority interest	7,750	-	7,750	-
Acquisition of minority interest	-	(1,407)	-	(1,407)
Repayment of borrowings	(244,372)	(207,627)	(781,701)	(260,483)
Pledged bank deposits	3,174	(120,052)	4,268	(127,595)
Payment of dividend	-	(7,302)	-	(7,302)
Interest paid	(8,063)	(27,774)	(37,797)	(50,486)
Net cash from/(used in) financing activities	59,989	(174,021)	232,372	228,103
Net increase/(decrease) in cash and cash equivalents	137,494	(120,180)	(61,736)	(230,152)
Cash and cash equivalents at beginning of period	491,290	575,549	690,481	685,306
Effects of foreign exchange rate changes	(3)	(230)	36	(15)
Cash and cash equivalents at end of period	628,781	455,139	628,781	455,139

(RMB'000)	Actual (WITHOUT financial effects of Convertible Bonds and Warrants)			
	Second quarter ended		Six months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Operating activities				
Profit before income tax	157,407	66,203	224,118	147,872
Adjustments for:				
Depreciation expense	23,752	27,223	48,839	47,532
Amortisation of intangible assets	13,565	11,389	27,523	22,776
Interest expense	24,890	29,298	48,591	47,809
Amortisation of land use rights	1,593	2,016	3,466	3,538
Share of profit of associate	(434)	(349)	(669)	(627)
Reversal of impairment allowance on inventories	(1,735)	(31)	(1,735)	(402)
Interest income	(1,802)	(565)	(3,020)	(1,487)
Loss on disposal of property, plant and equipment	128	320	323	389
Impairment allowance on trade and non-trade receivables, net	244	8,166	2,290	5,166
Operating cash flows before movements in working capital	217,608	143,670	349,726	272,566
Trade receivables	74,065	(65,377)	69,801	(65,452)
Other receivables, deposits and prepayments	(36,441)	(57,284)	(512)	(75,185)
Inventories	(51,339)	(85,156)	1,269	(117,856)
Trade payables	(64,527)	152,764	(189,615)	194,738
Other payables	64,658	28,339	108	54,790
Cash generated from operations	204,024	116,956	230,777	263,601
Income tax paid	(4,724)	(12,886)	(61,767)	(51,312)
Interest received	1,801	565	3,019	1,487
Interest paid	(16,828)	(16,461)	(33,506)	(31,956)
Net cash from operating activities	184,273	88,174	138,523	181,820
Investing activities				
Purchase of property, plant and equipment	(26,870)	(9,471)	(35,303)	(16,637)
Prepayment for build-operate-transfer ("BOT") projects	27,054	-	(8,643)	-
Acquisition of land use rights	(29,411)	-	(29,411)	-
Acquisition of intangible assets	(77,876)	622	(187,866)	(101,200)
Proceeds from disposal of property, plant and equipment	335	(484)	282	12
Payment of deferred consideration relating to acquisition of subsidiaries	-	(25,000)	(171,690)	(522,250)
Net cash used in investing activities	(106,768)	(34,333)	(432,631)	(640,075)
Financing activities				
Proceeds from new borrowings	301,500	180,797	1,039,852	667,797
Issuance of stock, net of issue cost	-	9,344	-	12,269
Share buy-backs	-	-	-	(4,690)
Contribution from minority interest	7,750	-	7,750	-
Acquisition of minority interest	-	(1,407)	-	(1,407)
Repayment of borrowings	(244,372)	(207,627)	(781,701)	(260,483)
Pledged bank deposits	3,174	(120,052)	4,268	(127,595)
Payment of dividend	-	(7,302)	-	(7,302)
Interest paid	(8,063)	(27,774)	(37,797)	(50,486)
Net cash from/(used in) financing activities	59,989	(174,021)	232,372	228,103
Net increase/(decrease) in cash and cash equivalents	137,494	(120,180)	(61,736)	(230,152)
Cash and cash equivalents at beginning of period	491,290	575,549	690,481	685,306
Effects of foreign exchange rate changes	(3)	(230)	36	(15)
Cash and cash equivalents at end of period	628,781	455,139	628,781	455,139

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	Fair value 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, 2018	55,439	-	288,618	117,892	8,406	(21)	(2,964)	1,122,481	1,589,851	240,417	1,830,268
Effects of adoption of SFRS(I)-9	-	-	-	-	-	-	-	-	-	-	-
Balance as at January 1, 2019 (Restated)	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 the year											
Profit for the year	-	-	-	-	-	-	-	138,042	138,042	11,302	149,344
Other comprehensive income (loss) for the year	-	-	-	-	-	40	(248)	-	(208)	179	(29)
Total	-	-	-	-	-	40	(248)	138,042	137,834	11,481	149,315
Transaction with owners, recognized directly in equity											
Dividend paid	-	-	-	-	-	-	-	(7,302)	(7,302)	-	(7,302)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	(4,500)	(4,500)
Transfer to general reserves	-	-	-	62,863	-	-	-	(62,863)	-	-	-
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	31,794	31,794
Effects of acquiring part of non-controlling interests in a subsidiary	-	-	-	2,410	-	-	-	-	2,410	(12,622)	(10,212)
Employee share option expenses	1,812	-	20,443	-	(7,060)	-	-	-	15,195	-	15,195
Share buy-backs	-	(4,690)	-	-	-	-	-	-	(4,690)	-	(4,690)
Total	1,812	(4,690)	20,443	65,273	(7,060)	-	-	(70,165)	5,613	14,672	20,285
Balance as at December 31, 2019	57,251	(4,690)	309,061	183,165	1,346	19	(3,212)	1,190,358	1,733,298	266,570	1,999,868
Total comprehensive income for January to March 2020											
Income for January to March 2020	-	-	-	-	-	-	-	217,984	217,984	2,846	220,830
Other comprehensive income for January to March 2020	-	-	-	-	-	39	68	-	107	144	251
Total	-	-	-	-	-	39	68	217,984	218,091	2,990	221,081

Actual (WITH financial effects of Convertible Bonds and Warrants)											
<u>Group</u>	Share capital	Treasury shares	Share premium	General reserves	Share option reserve	Foreign currency translation reserve	Fair value 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
<u>Transactions with owners, recognised directly in equity</u>											
Transfer to general reserves	-	-	-	5,634	-	-	-	(5,634)	-	-	-
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	3,000	3,000
Total	-	-	-	5,634	-	-	-	(5,634)	-	3,000	3,000
Balance as at March 31, 2020	57,251	(4,690)	309,061	188,799	1,346	58	(3,144)	1,402,708	1,951,389	272,560	2,223,949
<u>Total comprehensive income for April to June 2020</u>											
Profit for April to June 2020	-	-	-	-	-	-	-	21,393	21,393	707	22,100
Other comprehensive income for April to June 2020	-	-	-	-	-	(3)	400	-	397	26	423
Total	-	-	-	-	-	(3)	400	21,393	21,790	733	22,523
<u>Transactions with owners, recognised directly in equity</u>											
Dividend paid	-	-	-	-	-	-	-	(10,027)	(10,027)	-	(10,027)
Transfer to general reserves	-	-	-	10,354	-	-	-	(10,354)	-	-	-
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	4,750	4,750
Total	-	-	-	10,354	-	-	-	(20,381)	(10,027)	4,750	(5,277)
Balance as at June 30, 2020	57,251	(4,690)	309,061	199,153	1,346	55	(2,744)	1,403,720	1,963,152	278,043	2,241,195

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	Fair value 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, 2018	55,439	-	288,618	117,892	8,406	(21)	(2,964)	1,026,344	1,493,714	240,417	1,734,131
Effects of adoption of SFRS(I)-9	-	-	-	-	-	-	-	-	-	-	-
Balance as at January 1, 2019	55,439	-	288,618	117,892	8,406	(21)	(2,964)	1,026,344	1,493,714	240,417	1,734,131
<u>Total comprehensive income for the year</u>											
Profit for the year	-	-	-	-	-	-	-	352,202	352,202	11,302	363,504
Other comprehensive income (loss) for the year	-	-	-	-	-	40	(248)	-	(208)	179	(29)
Total	-	-	-	-	-	40	(248)	352,202	351,994	11,481	363,475
<u>Transactions with owners, recognised directly in equity</u>											
Dividend paid	-	-	-	-	-	-	-	(7,303)	(7,303)	-	(7,303)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	(4,500)	(4,500)
Transfer to general reserves	-	-	-	62,863	-	-	-	(62,863)	-	-	-
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	31,794	31,794
Share buy-backs	-	(4,690)	-	-	-	-	-	-	(4,690)	-	(4,690)
Effects of acquiring part of non-controlling interests in a subsidiary	-	-	-	2,410	-	-	-	-	2,410	(12,622)	(10,212)
Employee share option expenses	1,812	-	20,443	-	(7,060)	-	-	-	15,195	-	15,195
Total	1,812	(4,690)	20,443	65,273	(7,060)	-	-	(70,166)	5,612	14,672	20,284
Balance as at December 31, 2019	57,251	(4,690)	309,061	183,165	1,346	19	(3,212)	1,308,380	1,851,320	266,570	2,117,890
<u>Total comprehensive income for January to March 2020</u>											
Profit for January to March 2020	-	-	-	-	-	-	-	51,072	51,072	2,846	53,918
Other comprehensive income for January to March 2020	-	-	-	-	-	39	68	-	107	144	251
Total	-	-	-	-	-	39	68	51,072	51,179	2,990	54,169
<u>Transactions with owners, recognised directly in equity</u>											
Transfer to general reserves	-	-	-	5,634	-	-	-	(5,634)	-	-	-
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	3,000	3,000
Total	-	-	-	5,634	-	-	-	(5,634)	-	3,000	3,000
Balance as at March 31, 2020	57,251	(4,690)	309,061	188,799	1,346	58	(3,144)	1,353,818	1,902,499	272,560	2,175,059

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	Fair value 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
<u>Total comprehensive income for April to June 2020</u>											
Profit for April to June 2020	-	-	-	-	-	-	-	122,470	122,470	707	123,177
Other comprehensive income for April to June 2020	-	-	-	-	-	(3)	400	-	397	26	423
Total	-	-	-	-	-	(3)	400	122,470	122,867	733	123,600
<u>Transactions with owners, recognised directly in equity</u>											
Dividend paid	-	-	-	-	-	-	-	(10,027)	(10,027)	-	(10,027)
Transfer to general reserves	-	-	-	10,354	-	-	-	(10,354)	-	-	-
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	4,750	4,750
Total	-	-	-	10,354	-	-	-	(20,381)	(10,027)	4,750	(5,277)
Balance as at June 30, 2020	57,251	(4,690)	309,061	199,153	1,346	55	(2,744)	1,455,907	2,015,339	278,043	2,293,382

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, 2018	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 year, representing total comprehensive loss for the year	-	-	-	-	(246,122)	(246,122)	(246,122)
<u>Transactions with owners, recognised directly in equity</u>							
Employee share option expenses	1,812	-	20,443	(7,060)	-	15,195	15,195
Share buy-backs	-	(4,690)	-	-	-	(4,690)	(4,690)
Dividend paid	-	-	-	-	(7,302)	(7,302)	(7,302)
Total	1,812	(4,690)	20,443	(7,060)	(7,302)	3,203	(3,203)
Balance as at December 31, 2019	57,251	(4,690)	309,061	1,346	(219,062)	143,906	143,906
Profit for the period, representing total comprehensive income for January to March 2020	-	-	-	-	161,215	161,215	161,215
Balance as at March 31, 2020	57,251	(4,690)	309,061	1,346	(57,848)	305,120	305,120

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
Loss for the period, representing total comprehensive loss for April to June 2020	-	-	-	-	(110,355)	(110,355)	(110,355)
<u>Transactions with owners, recognised directly in equity</u>							
Dividend paid	-	-	-	-	(10,027)	(10,027)	(10,027)
Total	-	-	-	-	(10,027)	(10,027)	(10,027)
Balance as at June 30, 2020	57,251	(4,690)	309,061	1,346	(178,230)	184,738	184,738

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, 2018	53,531	-	266,938	15,839	(35,745)	300,563	300,563
Loss 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 year, representing total comprehensive loss for the year	-	-	-	-	(31,964)	(31,964)	(31,964)
<u>Transactions with owners, recognised directly in equity</u>							
Employee share option expenses	1,812	-	20,443	(7,060)	-	15,195	15,195
Share buy-backs	-	(4,690)	-	-	-	(4,690)	(4,690)
Dividend paid	-	-	-	-	(7,302)	(7,302)	(7,302)
Total	1,812	(4,690)	20,443	(7,060)	(7,302)	3,203	3,203
Balance as at December 31, 2019	57,251	(4,690)	309,061	1,346	(101,041)	261,927	261,927
Loss for the period, representing total comprehensive loss for January to March 2020	-	-	-	-	(5,697)	(5,697)	(5,697)
Balance as at March 31, 2020	57,251	(4,690)	309,061	1,346	(106,738)	256,230	256,230

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
Loss for the period, representing total comprehensive loss for April to June 2020	-	-	-	-	(9,278)	(9,278)	(9,278)
<u>Transactions with owners, recognised directly in equity</u>							
Dividend paid	-	-	-	-	(10,027)	(10,027)	(10,027)
Total	-	-	-	-	(10,027)	(10,027)	(10,027)
Balance as at June 30, 2020	57,251	(4,690)	309,061	1,346	(126,043)	236,925	236,925

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

There was a change in share capital during the second quarter ended 30 June 2019 and there was no change in share capital during the second quarter ended 30 June 2020.

The number of shares held as treasury shares by the Company represents 0.3% (30 June 2019: 0.3%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company as at 30 June 2020.

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.

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, the remaining 35,281,049 Warrants and 5,880,175 Warrants were issued to Blue Starry and to Glory Sky respectively.

On 6 June 2019, the Company issued and allotted an aggregate of 21,347,600 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.

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

The Company's total issued shares as at 30 June 2020, 31 December 2019 and 30 June 2019 was 791,848,142, 791,848,142 and 770,500,542 ordinary shares respectively.

The Company's total treasury shares as at 30 June 2020, 31 December 2019 and 30 June 2019 was 2,542,000 shares.

The Company's total issued shares excluding treasury shares as at 30 June 2020, 31 December 2019 and 30 June 2019 was 789,306,142, 789,306,142 and 767,958,542 ordinary shares respectively.

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

Not applicable.

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.

The Group has consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current reporting period and year compared with the audited financial statements for the year ended 31 December 2019, except that the Group has adopted SFRS(I) 16 *Leases* on 1 January 2019. Please refer to paragraph 5 for detailed changes made in accordance to SFRS(I) 16.

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 recognised 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)			
	Second quarter ended		Six months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Net profit/(loss) attributable to equity holders of the Group (RMB'000)	21,393	(5,244)	239,377	(46,792)
Weighted average number of ordinary shares outstanding ('000)	791,848	754,529	791,848	754,529
Earnings per share – basic (RMB cents)	2.70	(0.70)	30.23	(6.20)

	Actual (WITHOUT financial effects of Convertible Bonds and Warrants)			
	Second quarter ended		Six months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Net profit attributable to equity holders of the Group (RMB'000)	122,470	50,484	173,542	111,017
Weighted average number of ordinary shares outstanding ('000)	791,848	754,529	791,848	754,529
Earnings per share – basic (RMB cents)	15.47	6.69	21.92	14.71

Basic earnings per share for second quarter and half year ended 30 June 2020 and 30 June 2019 have been calculated based on the weighted average number of ordinary shares issued at 791,848,142 and 754,529,463 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)			
	Second quarter ended		Six months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Net profit attributable to equity holders of the Group (RMB'000)	122,470	50,484	173,542	111,017
Weighted average number of ordinary shares outstanding ('000)	1,209,518	1,133,281	1,209,518	1,133,281
Earnings/(Loss) per share – <i>diluted</i> (RMB cents)	10.13	4.45	14.35	9.80

	Actual (WITHOUT financial effects of Convertible Bonds and Warrants)			
	Second quarter ended		Six months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Net profit attributable to equity holders of the Group (RMB'000)	122,470	50,484	173,542	111,017
Weighted average number of ordinary shares outstanding ('000)	1,209,518	1,133,281	1,209,518	1,133,281
Earnings per share – <i>diluted</i> (RMB cents)	10.13	4.45	14.35	9.80

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 exercise prices of convertible bonds issued on 3 March 2017 and 15 October 2018 respectively, and that the warrants and share options granted as at 30 June 2020 have been exercised.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group			
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<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)	247.92	218.89	254.51	233.80

	Company			
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<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)	23.33	18.17	29.92	33.08

The net asset values per share as at 30 June 2020 and 31 December 2019 have been computed based on shareholders' equity and the existing share capital of 791,848,142 ordinary shares as at 30 June 2020 and 31 December 2019.

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

The Group's performance for the second quarter ended 30 June 2020 ("2Q2020") as compared to that of the second quarter ended 30 June 2019 ("2Q2019")

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

Revenue

The Group's revenue increased by approximately RMB 425.2 million or 64.5% from RMB 659.0 million in 2Q2019 to RMB 1,084.2 million in 2Q2020. This was attributed to the increase in revenue of RMB 417.8 million or 100.9% from the Manufacturing and Services ("M&S") segment, and RMB 7.3 million or 3.0% from the Green Investments ("GI") business.

Gross Profit

Gross profit increased by approximately RMB 84.8 million or 49.3% from RMB 171.8 million in 2Q2019 to RMB 256.5 million in 2Q2020. The increase was mainly attributable to the increased revenue contributions from the M&S segment, which contributed RMB 170.0 million in gross profit.

The gross profit margin is 23.7% in 2Q2020.

Profit before Income Tax

Profit before tax increased by RMB 45.9 million or 437.8% from RMB 10.5 million in 2Q2019 to RMB 56.3 million in 2Q2020. The increase was mainly due to the following factors:

- (a) Decrease in other operating expenses of RMB 7.7 million caused mainly by the decrease in impairment allowance on trade receivables; and
- (b) Increase in foreign exchange gain of RMB 13.7 million as compared to foreign exchange loss in corresponding period caused mainly by the translation of USD Convertible Bonds to RMB as the US dollar depreciated against the RMB during this period.

The above-mentioned factors were offset by:

- (a) Increase in fair value loss on Convertible Bonds of RMB 36.1 million from RMB 25.8 million in 2Q2019 to RMB 61.9 million in 2Q2020, due to the increase in share price during the financial quarter from 1 April 2020 to 30 June 2020;
- (b) Increase in fair value loss on Warrants of RMB 10.7 million as a result of the change in fair value on Warrants from a fair value gain of RMB 9.4 million in 2Q2019 to a fair value loss of RMB 1.3 million in 2Q2020, due to the increase in share price during the financial quarter from 1 April 2020 to 30 June 2020;
- (c) Increase in administrative expenses of RMB 10.8 million mainly caused by the increase in salaries, which is in line with the expansion of the business; and
- (d) Increase in finance costs of RMB 5.2 million which is in line with the expansion of “BOT and TOT” projects.

Income Tax Expense

Excluding the non-tax deductible effect of the Convertible Bonds and Warrants, the effective tax rate for 2Q2020 would have been 21.7%.

Profit for the Financial Period

As a result of the above, the Group’s net gain attributable to the shareholders increased by RMB 26.6 million or 508.0% from a loss of RMB 5.2 million in 2Q2019 to a gain of RMB 21.4 million in 2Q2020.

- (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 RMB 135.9 million or 4.2% from RMB 3,234.4 million as at 31 December 2019 to RMB 3,098.5 million as at 30 June 2020 mainly due to the following:

- (a) Decrease in cash and cash equivalents of RMB 61.7 million, mainly due to the usage of funds for Build-Operate-Transfer (“BOT”) and GI projects;
- (b) Decrease in trade receivables of RMB 25.3 million arising from the decrease in retention receivables.

Approximately 35.6% and 10.3% of the trade receivables at 31 December 2019 and 30 June 2020 respectively were collected as at 31 July 2020. 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. Loss allowances for trade receivables and contract assets are based on the expected credit loss model estimated by reference to past default experience of debtors, including historical and forward-looking information; and

- (c) Decrease in financial assets at fair value through other comprehensive income of RMB 46.3 million due mainly to the reduction in notes receivables held by the Group that were due as of 30 June 2020.

The Group's total non-current assets increased by RMB 273.8 million or 6.2% from RMB 4,383.1 million as at 31 December 2019 to RMB 4,656.8 million as at 30 June 2020 caused mainly by the following:

- (a) Increase in intangible assets of RMB 258.2 million due to service concession arrangements relating to Shantou, Xintai and Tongshan projects on hand as at 30 June 2020; and
- (b) Increase in land use rights of RMB 25.2 million mainly resulting from the acquisition of Tongshan projects.

The Group's total current liabilities decreased by RMB 495.0 million or 15.5% from RMB 3,202.8 million as at 31 December 2019 to RMB 2,707.8 million as at 30 June 2020 mainly due to:

- (a) Decrease in trade payables of RMB 91.7 million as a result of a decrease in payable to third parties of RMB 100.4 million, offset by the increase in customer advances of RMB 10.7 million;
- (b) Decrease in other payables of RMB 170.8 million primarily due to the payment of consideration for the acquisition of Suyuan plant; and
- (c) Decrease in short-term borrowings of RMB 211.8 million due to the repayment of the said borrowings.

The Group's total non-current liabilities increased by approximately RMB 391.6 million or 16.2% from RMB 2,414.8 million as at 31 December 2019 to RMB 2,806.3 million as at 30 June 2020 mainly due to:

- (a) Increase in long-term borrowings of approximately RMB 470.0 million to finance the "BOT and TOT" projects.

The above-mentioned factor was offset by:

- (a) Decrease in fair value of Convertible Bonds of RMB 78.8 million in 2Q2020. *Please refer to Section 8 Financial Effects of Convertible Bonds and Warrants.*

Review of the Group's cash flow statement for the second quarter ended 30 June 2020

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

Net cash generated from operating activities amounted to approximately RMB 184.3 million in 2Q2020, primarily due to the following factors:

- (a) Decreased working capital requirements due to the decrease in trade receivables of RMB 74.1 million and increase in other payables of RMB 64.7 million, outweighed by the increase in other receivables and prepayments of RMB 36.4 million, increase in inventories of RMB 51.3 million and decrease in trade payables of RMB 64.5 million; and
- (b) Interest and tax paid of RMB 21.6 million in aggregate.

Net cash used in investing activities amounted to RMB 106.8 million mainly due to an increase in acquisition of property, plant and equipment, land use rights and intangible assets of RMB 26.9 million, RMB 29.4 million and RMB 77.9 million respectively, offset by prepayments for BOT projects of RMB 27.1 million.

Net cash generated from financing activities amounted to RMB 60.0 million due to proceeds from new borrowings of RMB 301.5 million, offset by the repayment of bank loans of RMB 244.4 million.

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 31 July 2020, the Company has utilised an aggregate of US\$ 123.8 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 28.0 million)
Xinyuan Thermal Power	Purchase consideration of the acquisition	US\$ 13.1 million (approximately RMB 85.0 million)
Xintai Zhengda Thermoelectric	Purchase consideration of the acquisition and construction of new facilities	US\$ 22.0 million (approximately RMB 145.0 million)

Yongxing Thermal Power	Purchase consideration of the acquisition	US\$ 50.2 million (approximately RMB 325.5 million)
General	Administrative and general expenses for business expansion of Green Investment related business	US\$ 9.9 million (approximately RMB 64.6 million) ⁽²⁾
Total Convertible Bonds Proceeds utilised		US\$ 123.8 million (approximately RMB 805.7 million)

*Note:

(1) The Company paid the transaction expenses of approximately US\$2.4 million related to the issuance of CB2.

(2) It consists of (a) RMB42.7 million of remuneration for the development and management teams of GI; (b) RMB20.3 million of pre-development expenses of GI projects, such as costs expended for pre-investment due diligence activities, including project inspection, valuation and audit fees, communication costs and travel expenses etc; (c) RMB1.5 million of purchase of fixed assets for development teams of GI business; (d) RMB0.1 million of stamp duties for applicable GI transactions.

(3) With the first drawdown of US\$20 million in October 2018, the balance of Convertible Bonds proceeds of US\$50 million not yet drawn down has already been committed in the investment of the GI projects.

(4) 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 carrying amount of the Convertible Bonds currently stated at fair value as at 31 March 2017 and 15 October 2018 respectively. 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 72.0 million or 142.6% from RMB 50.5 million in 2Q2019 to RMB 122.5 million in 2Q2020.

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.

Sunpower has bounced back from the temporary headwinds of the pandemic and achieved new highs in revenue and profit in 1H 2020. In 1H 2020, revenue rose 19.5% YoY to RMB1,756.9 million, EBITDA increased 30.8% YoY to RMB352.5 million and underlying net profit surged 56.3% YoY to RMB173.5 million. EBITDA margin rose 1.7pps YoY to 20.1% while operating costs were efficiently managed, thus boosting underlying profit margin by 2.3pps YoY to 9.9%. Underlying operating cashflow improved to RMB161.2 million, above 1H 2019's RMB151.0 million.

GI plants resumed normal operations in 2Q 2020. As a result, GI EBITDA grew 37.3% QoQ to RMB108.4 million in 2Q 2020 after the economy reopened, and in 1H 2020, rose 6.8% YoY to RMB187.3 million. Profitability also improved as GI EBITDA margin increased 3.6pps YoY to 36.6% in 1H 2020, up from 30.5% in 1Q 2020 and 33.0% in 1H 2019 due to continuous improvement in operational efficiency and further cost control.

M&S revenue rose 32.6% YoY to RMB1,245.5 million in 1H 2020, while M&S segment results rose 77.2% YoY to RMB171.8 million. M&S order book has been maintained at RMB2.8 billion as at end-July 2020, for two consecutive quarters. This level of performance and orders are attributable to the Group's market leadership, strong reputation, financial strength and proven ability to execute and deliver. Sunpower's M&S segment focuses on the high-end market and services a large base of reputable customers in diverse industries. ~70% of its customer base are repeat customers. To date, Sunpower has delivered products and solutions to ~1,500 customers and its reputable customers includes Wanhua Chemical, Hengli Petrochemical, CNOOC, CNPC, SINOPEC, ExxonMobil, BASF, BP, Shell, etc.

China is the first major economy in the world to recover from the pandemic due to successful virus containment measures and supportive economic policies. 2Q 2020 GDP grew 3.2% from a year earlier¹, following the recovery of various economic indicators, such as the Purchasing Managers Index (PMI) which rose above 50% in March 2020 with the latest July data continuing to signal expansion². According to Director Liu Aihua of the National Bureau of Statistics, this steady

¹<https://www.scmp.com/economy/china-economy/article/3093371/china-gdp-economy-avoids-recession-second-quarter-growth-32>

²http://www.stats.gov.cn/tjsj/sjjd/202007/t20200731_1779872.html

economic recovery has laid a solid foundation for continued recovery in the second half³. Economists at Oxford Economics⁴ currently expect China's GDP to grow by 2.5% in 2020, while Caixin Research Institute⁵ forecasts 2.6-3.0% growth.

Through its counter-cyclical policies, the government is seeking continued growth as well as stability and employment. Two key public programs are (1) measures that stabilise enterprises and preserve employment as they support domestic demand⁶, and (2) greater investments in infrastructure, including industrial park infrastructure⁷. Further, the government has provided assurances that efforts to protect the environment will be sustained. Premier Li Keqiang at the Third Session of the 13th National People's Congress on 22 May 2020 placed pollution control, part of the "three tough battles", on the list of the government's work priorities.⁸

1H 2020 has been one of the most challenging periods for the whole world. However, Sunpower has demonstrated that companies with internally strong and resilient adaptable business model are well positioned to overcome challenges.

Barring unforeseen circumstances, the Group expects the business trends summarized below to benefit its 2020 results. Please note that Sunpower's financial results should be viewed on a 12-month basis to arrive at a balanced perspective.

- Full-year contributions from newly-acquired GI plants and anticipated contributions from Shantou Phase 1 and Xintai Zhengda's new plant, as well as potential earnings-accretive M&A of GI plants.
- Continued ramp-up of existing GI plants, driven by the continuous connection of new customers following mandatory closures of small dirty boilers and/or mandatory relocation into industrial parks, and the organic growth of customers and industrial parks served by the Group's GI plants.
- The resilient M&S business can be expected to benefit from: 1) order book sustained at a high of RMB2.8 billion as at July 2020; 2) the continuous enhancement of core competitive strengths; 3) diversified base of high-end customers, of which 70% are repeat customers; 4) proprietary technologies with strong commercialization capabilities; and 5) the ability to acquire quality orders, benefiting from industry leadership, extensive experience and seasoned management team, etc.

11. If a decision regarding dividend has been made:

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

³<https://tech.sina.cn/2020-07-17/detail-iiwhuipn3448160.d.html?from=singlemessage&isappinstalled=0>

⁴<https://edition.cnn.com/2020/07/15/economy/china-gdp-intl-hnk/index.html>

⁵https://www.sohu.com/a/408033227_114984

⁶http://www.gov.cn/xinwen/2020-05/06/content_5509313.htm

⁷http://www.mof.gov.cn/zhengwuxinxi/caizhengxinwen/202004/t20200420_3501084.htm

⁸http://www.gov.cn/premier/2020-05/22/content_5513757.htm

None.

- (b) (i) Amount per share in cents**
(ii) Previous corresponding period in cents

None.

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

Not applicable.

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

Not applicable.

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

Not applicable.

- 12. If no dividend has been declared (recommended), a statement to that effect 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 30 June 2020. It is not the Company's practise to declare dividends during the second 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)**

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 second quarter ended 30 June 2020 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in [Appendix 7H](#)) under [Rules 720\(1\)](#).

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

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

Guo Hong Xin
Executive Chairman

Ma Ming
Executive Director

BY ORDER OF THE BOARD

Ma Ming
Executive Director

12 August 2020