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**SUNPOWER GROUP LTD.**

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**Unaudited Financial Statements For The Third Quarter and Nine Months Ended 30 September 2010**

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**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS**

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

**UNAUDITED INCOME STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2010**

(RMB'000)	Third quarter ended			Nine months ended		
	30 September 2010	30 September 2009	% change	30 September 2010	30 September 2009	% change
<b>Revenue</b>	265,933	163,819	62.33	600,141	432,713	38.69
Cost of sales	(204,234)	(129,704)	57.46	(442,954)	(318,966)	38.87
<b>Gross profit</b>	61,699	34,115	80.86	157,187	113,747	38.19
Other operating income <sup>(1)</sup>	1,806	2,659	(32.08)	4,739	4,461	6.23
Selling and distribution expenses	(7,574)	(4,584)	65.23	(21,407)	(17,805)	20.23
Administrative expenses	(25,999)	(10,342)	151.39	(66,333)	(39,799)	66.67
Other operating expenses	(388)	(210)	84.76	(438)	(716)	(38.83)
Finance costs	(3,778)	(3,086)	22.42	(9,126)	(8,697)	4.93
<b>Profit before income tax</b>	25,766	18,552	38.89	64,622	51,191	26.24
Income tax expense	(4,518)	(3,208)	40.84	(10,869)	(9,133)	19.01
<b>Profit for the financial period representing total comprehensive income for the period</b>	21,248	15,344	38.48	53,753	42,058	27.81
<b>Attributable to:</b>						
Equity holders of the Company	20,368	14,720	38.37	50,619	39,204	29.12
Non-controlling interest	880	624	41.03	3,134	2,854	9.81
<b>Profit for the financial period</b>	21,248	15,344	38.48	53,753	42,058	27.81

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**1(a)(ii) Other information:****Note 1:**

(RMB'000)	Third quarter ended			Nine months ended		
	30 September 2010	30 September 2009	% change	30 September 2010	30 September 2009	% change
Depreciation expense	2,951	2,608	13.15	8,758	7,770	12.72
Amortisation of land use rights	136	135	0.74	408	407	0.25
Amortisation of trademark	74	73	1.37	220	219	0.46
Impairment (Reversal of) allowance on trade receivables	2,500	(5,788)	n.m.	(88)	(7,699)	(98.86)
Reversal of allowance on inventories	-	-	n.m.	(476)	(1,804)	(73.61)
Gain on disposal of property, plant and equipment	(34)	-	n.m.	(1,829)	-	n.m.
Foreign exchange (gain) loss	(6)	(532)	(98.87)	1,370	(2,223)	n.m.

Other operating income comprises:

(RMB'000)	Third quarter ended			Nine months ended		
	30 September 2010	30 September 2009	% change	30 September 2010	30 September 2009	% change
Government grant	768	2,362	(67.49)	1,230	3,922	(68.64)
Interest income	614	229	168.12	1,096	435	151.95
Gain on disposal of plant and equipment	34	-	n.m.	1,829	-	n.m.
Scrap sales	-	-	-	60	-	n.m.
Others	390	68	473.53	524	104	403.85
Total	<u>1,806</u>	<u>2,659</u>	(32.08)	<u>4,739</u>	<u>4,461</u>	6.23

*n.m. – not meaningful*

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

**STATEMENT OF FINANCIAL POSITION**

(RMB'000)	Group		Company	
	(Unaudited) 30 September 2010	(Audited) 31 December 2009	(Unaudited) 30 September 2010	(Audited) 31 December 2009
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	187,653	195,697	2,767	1,229
Pledged bank deposits	19,319	45,102	-	-
Trade receivables	458,863	404,120	-	-
Other receivables and prepayments	63,057	44,231	123	302
Inventories	250,422	210,079	-	-
Land use rights	544	544	-	-
Total current assets	<u>979,858</u>	<u>899,773</u>	<u>2,890</u>	<u>1,531</u>
<b>Non-current assets:</b>				
Land use rights	16,947	17,355	-	-
Property, plant and equipment	101,333	93,791	-	-
Investment in subsidiaries	-	-	160,924	160,924
Trademark	1,096	1,316	-	-
Deferred tax assets	4,450	4,658	-	-
Total non-current assets	<u>123,826</u>	<u>117,120</u>	<u>160,924</u>	<u>160,924</u>
<b>Total assets</b>	<u>1,103,684</u>	<u>1,016,893</u>	<u>163,814</u>	<u>162,455</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Trade payables	422,468	387,742	-	-
Other payables	56,725	64,792	36,070	24,067
Bank loans	195,000	218,142	-	-
Income tax payable	4,093	4,880	-	-
Total current liabilities	<u>678,286</u>	<u>675,556</u>	<u>36,070</u>	<u>24,067</u>
<b>Non-current liabilities:</b>				
Deferred tax liabilities	961	653	-	-
Bank loans	55,000	25,000	-	-
Total non-current liabilities	<u>55,961</u>	<u>25,653</u>	<u>-</u>	<u>-</u>
<b>Capital and reserves:</b>				
Share capital	27,230	27,230	27,230	27,230
Share premium	35,275	35,275	35,275	35,275
General reserves	29,802	29,289	-	-
Accumulated profits	253,737	203,631	65,239	75,883
<b>Equity attributable to equity holders of the Company</b>	<u>346,044</u>	<u>295,425</u>	<u>127,744</u>	<u>138,388</u>
Non-controlling interest	23,393	20,259	-	-
<b>Total equity</b>	<u>369,437</u>	<u>315,684</u>	<u>127,744</u>	<u>138,388</u>
<b>Total liabilities and equity</b>	<u>1,103,684</u>	<u>1,016,893</u>	<u>163,814</u>	<u>162,455</u>

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

(RMB'000)	As at 30 September 2010		As at 31 December 2009	
	Secured	Unsecured	Secured	Unsecured
Bank loans	50,000	145,000	90,142	128,000

**Amount payable after one year**

(RMB'000)	As at 30 September 2010		As at 31 December 2009	
	Secured	Unsecured	Secured	Unsecured
Bank loans	25,000	30,000	25,000	-

**Details of any collateral:**

<u>Collateral</u>	30 September 2010	31 December 2009
	RMB'000	RMB'000
Buildings and land use rights of a related party	30,000	40,000
Land-use rights and buildings of a subsidiary	45,000	45,000
Land-use rights of a subsidiary and a third party guarantee	-	14,000
Plant and machinery	-	16,142
Total	75,000	115,142

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

**STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2010**

RMB'000	Third quarter ended		Nine months ended	
	30 September 2010	30 September 2009	30 September 2010	30 September 2009
<b>Operating activities</b>				
Profit before income tax	25,766	18,552	64,622	51,191
Adjustments for:				
Depreciation expense	2,951	2,608	8,758	7,770
Amortisation of land use rights	136	135	408	407
Amortisation of trademark	74	73	220	219
Impairment (Reversal of) allowance on trade receivables	2,500	(5,788)	(88)	(7,699)
Reversal of allowance on inventories	-	-	(476)	(1,804)
Gain on disposal of property, plant and equipment	(34)	-	(1,829)	-
Interest expense	3,778	3,086	9,126	8,697
Interest income	(614)	(229)	(1,096)	(435)
Operating cash flows before movements in working capital	34,557	18,437	79,645	58,346
Trade receivables	(45,449)	37,141	(54,655)	(30,748)
Other receivables and prepayments	12,535	(16,413)	(18,826)	1,697
Inventories	30,410	(4,432)	(39,867)	(57,074)
Trade payables	(34,734)	(2,071)	34,726	92,425
Other payables	4,473	(8,591)	(8,067)	(17,099)
Cash from (used in) operations	1,792	24,071	(7,044)	47,547
Income tax paid	(4,010)	(3,271)	(11,140)	(10,758)
Interest received	614	229	1,096	435
Interest paid	(3,778)	(3,086)	(9,126)	(8,697)
Net cash (used in) from operating activities	(5,382)	17,943	(26,214)	28,527
<b>Investing activities</b>				
Purchase of property, plant and equipment	(4,460)	(3,867)	(17,195)	(10,661)
Proceeds from disposal of property, plant and equipments	54	-	2,724	-
Net cash used in investing activities	(4,406)	(3,867)	(14,471)	(10,661)
<b>Financing activities</b>				
Proceeds from bank loans	95,000	80,000	205,000	182,300
Repayment of bank loans	(92,142)	(23,500)	(198,142)	(116,500)
Pledged bank deposits	16,494	(21,125)	25,783	(26,750)
Payment to minority interest	-	-	-	-
Net cash from financing activities	19,352	35,375	32,641	39,050
Net increase (decrease) in cash and bank balances	9,564	49,451	(8,044)	56,916
Cash and bank balances at beginning of year/period	178,089	82,930	195,697	75,465
<b>Cash and bank balances at end of period</b>	<b>187,653</b>	<b>132,381</b>	<b>187,653</b>	<b>132,381</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

<u>Group</u>	Share capital	Share Premium	General reserves	Accumulated profits	Equity attributable to equity holders of the Company	Non controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2009</b>	27,230	35,275	21,363	147,385	231,253	13,847	245,100
Total comprehensive income for January to March 2009	-	-	-	7,125	7,125	164	7,289
Transfer to general reserves	-	-	1,032	(1,032)	-	-	-
<b>Balance at 31 March 2009</b>	27,230	35,275	22,395	153,478	238,378	14,011	252,389
Total comprehensive income for April to June 2009	-	-	-	17,359	17,359	2,066	19,425
Transfer to general reserves	-	-	1,833	(1,833)	-	-	-
<b>Balance at 30 June 2009</b>	27,230	35,275	24,228	169,004	255,737	16,077	271,814
Total comprehensive income for July to September 2009	-	-	-	14,720	14,720	624	15,344
Transfer to general reserves	-	-	1,644	(1,644)	-	-	-
<b>Balance at 30 September 2009</b>	27,230	35,275	25,872	182,080	270,457	16,701	287,158
Total comprehensive income for October to December 2009	-	-	-	24,968	24,968	3,558	28,526
Transfer to general reserves	-	-	3,417	(3,417)	-	-	-
<b>Balance at 31 December 2009</b>	27,230	35,275	29,289	203,631	295,425	20,259	315,684

<u>Group</u>	Share capital	Share Premium	General reserves	Accumulated profits	Equity attributable to equity holders of the Company	Non controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2010</b>	27,230	35,275	29,289	203,631	295,425	20,259	315,684
Total comprehensive income for January to March 2010	-	-	-	10,174	10,174	503	10,677
Transfer to general reserves	-	-	121	(121)	-	-	-
<b>Balance at 31 March 2010</b>	27,230	35,275	29,410	213,684	305,599	20,762	326,361
Total comprehensive income for April to June 2010	-	-	-	20,077	20,077	1,751	21,828
Transfer to general reserves	-	-	322	(322)	-	-	-
<b>Balance at 30 June 2010</b>	27,230	35,275	29,732	233,439	325,676	22,513	348,189
Total comprehensive income for July to September 2010	-	-	-	20,368	20,368	880	21,248
Transfer to general reserves	-	-	70	(70)	-	-	-
<b>Balance at 30 September 2010</b>	27,230	35,275	29,802	253,737	346,044	23,393	369,437

<u>Company</u>	Share capital	Share premium	Accumulated profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2009</b>	27,230	35,275	88,778	151,283
Total comprehensive income for January to March 2009	-	-	(1,982)	(1,982)
<b>Balance at 31 March 2009</b>	27,230	35,275	86,796	149,301
Total comprehensive income for April to June 2009	-	-	(1,539)	(1,539)
<b>Balance at 30 June 2009</b>	27,230	35,275	85,257	147,762
Total comprehensive income for July to September 2009	-	-	(1,680)	(1,680)
<b>Balance at 30 September 2009</b>	27,230	35,275	83,577	146,082
Total comprehensive income for October to December 2009	-	-	(7,694)	(7,694)
<b>Balance at 31 December 2009</b>	27,230	35,275	75,883	138,388
Total comprehensive income for January to March 2010	-	-	(3,581)	(3,581)
<b>Balance at 31 March 2010</b>	27,230	35,275	72,302	134,807
Total comprehensive income for April to June 2010	-	-	(3,410)	(3,410)
<b>Balance at 30 June 2010</b>	27,230	35,275	68,892	131,397
Total comprehensive income for July to September 2010	-	-	(3,653)	(3,653)
<b>Balance at 30 September 2010</b>	27,230	35,275	65,239	127,744



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- 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 were no new shares issued for the financial period ended 30 September 2010 and no outstanding convertibles or treasury shares held as at 30 September 2010.

- 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 proceeding year.**

The Company's total issued shares as at 30 September 2010, 30 September 2009 and 31 December 2009 is 329,000,000 ordinary shares of US\$0.01 each fully paid.

There were no shares held as treasury shares as at 30 September 2010, 30 September 2009 and 31 December 2009.

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

Not applicable.

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

These figures have neither been audited nor reviewed.

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

Not applicable.

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

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2010. The adoption of the new/revised FRSs, INT FRSs and amendments to FRSs has no material effect on the financial statements.

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

Not applicable.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**  
**(a) Based on the weighted average number of ordinary shares on issue; and**  
**(b) On a fully diluted basis (detailing any adjustments made to the earnings).**

	Third quarter ended		Nine months ended	
	30 September 2010	30 September 2009	30 September 2010	30 September 2009
Earnings per share – basic (RMB cents)	6.19	4.47	15.39	11.92

Basic earnings per share for the third quarter and nine months ended 30 September 2010 and 2009 have been calculated based on the issued share capital of 329,000,000 ordinary shares of US\$0.01 each.

Diluted earnings per share for the above periods have not been calculated as no diluting events have occurred during these periods.

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

	Group		Company	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
Net asset value per share (RMB)	104.85	89.39	38.83	42.06

The net asset value per share for 30 September 2010 and 31 December 2009 have been computed based on shareholders' equity as at these dates and existing share capital of 329,000,000 ordinary shares adjusted for the intangible asset relating to trademark.

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 third quarter ended 30 September 2010 ("3Q2010") as compared to that of the third quarter ended 30 September 2009 ("3Q2009")**

Revenue

The Group's revenue increased by RMB 102.1 million or 62.3% from RMB 163.8 million in 3Q2009 to RMB 265.9 million in 3Q2010 mainly due to net increase in Heat Exchangers & Pressure Vessels segment of RMB 88.3 million or 93.1% and Heat Pipes & Heat Pipe Exchangers segment of RMB 19.7 million or 64.4%. The increase was attributable to more delivery of completed orders for the period under review.

Gross Profit

Gross profit increased by RMB 27.6 million or 80.9% from RMB 34.1 million in 3Q2009 to RMB 61.7 million in 3Q2010. Overall gross profit margin in 3Q2010 was 23.2% as compared to 20.8% in 3Q2009 due to better profit margins for the period under review.

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### Profit Before Income Tax

The Group's profit before tax increased by RMB 7.2 million or 38.9% from RMB 18.6 million in 3Q2009 to RMB 25.8 million in 3Q2010.

The increase in profit before tax was mainly due to the increase in gross profit partially offset by the increase in selling and distribution expenses and administrative expenses of approximately RMB 3.0 million and RMB 15.7 million respectively. The increase in selling and distribution expenses was mainly due to the Group's business development. The increase in administrative expenses was mainly due to the impairment allowance on trade receivables of RMB 2.5 million in 3Q2010 as compared to the reversal of doubtful debts of RMB 5.8 million in the corresponding period. In addition, the increase in administrative expenses was also attributed to higher research expenses, payroll related expenses and other miscellaneous expenses.

### Income Tax Expense

Sunpower Technology and Nanjing Shengnuo are subjected to PRC income tax rate of 15% as they are regarded by the central government as Hi-Tech companies.

Sunpower Machinery, in its fourth profit-making year of operations, is entitled to a 50% exemption from PRC income tax rate of 25%.

The effective tax rate for the Group of approximately 17.5% for 3Q2010 was due to the tax incentives enjoyed by the Group.

### Profit for the Financial Period

As a result of the above, the Group's net profit increased by RMB 5.9 million or 38.5% from RMB 15.3 million in 3Q2009 to RMB 21.2 million in 3Q2010.

**(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**

The Group's total current assets increased by approximately RMB 80.1 million or 8.9% from RMB 899.8 million as at 31 December 2009 to RMB 979.9 million as at 30 September 2010. The increase was mainly attributed to the increase in trade receivables of RMB 54.7 million or 13.5% and other receivables and prepayments of RMB 18.8 million or 42.6% and inventories of RMB 40.3 million or 19.2% partially offset by the decrease in pledged bank deposits of RMB 25.8 million. The increase in trade receivables was due to increased notes receivables of approximately RMB 42.5 million. More upfront down payment made to suppliers of approximately RMB 12.5 million contributed to the increase in other receivables and prepayments. The increase in inventories was mainly due to more raw materials and work-in-progress products to fulfill secured contracts.

The Group's current liabilities increased by approximately RMB 2.7 million or 0.4% from RMB 675.6 million as at 31 December 2009 to RMB 678.3 million as at 30 September 2010 mainly due to the increase in trade payables of RMB 34.7 million offset by the decrease in other payables and short term loan of RMB 8.1 million and RMB 23.1 million respectively. The decrease in other payables resulted mainly from lower value added tax (VAT).

The Group's non-current liabilities as at 30 September 2010 stood at RMB 56.0 million due to additional loan financing of approximately RMB 30.0 million unsecured loans with 3 years tenure.

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## **Review of the Group's Cash Flow Statement for the quarter ended 30 September 2010**

Net cash used in operating activities amounted to approximately RMB 5.4 million due primarily to operating cash inflows before movements in working capital of approximately RMB 34.6 million and cash outflows resulted from working capital and income tax and interests payment of RMB 32.8 million and RMB 7.2 million respectively.

Net cash flows used in investing activities amounted to RMB 4.5 million for the acquisition of machinery and equipment for the Group.

Net cash used from financing activities amounted to approximately RMB 19.4 million.

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

No forecast or prospect statement has been 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 Group has recently established an innovation center, "The Research Institute for Industrial Energy-Saving" with the permission from the government of Jiangsu Province. This institute will focus on developing new technology in the area related to energy-saving which includes new process equipment and solutions. The Group expects to improve the brand name and sales volume to attract new customers with this new establishment.

Over the years, Sunpower has established its position as the market leader in the development of energy efficiency technologies both in China and internationally. Their recognised brand name has propelled the Group forward, allowing them to attract new customers and retain existing valued clients. A prime example would be the RMB90.5 million in orders that the Group received from repeat customers in the Purified Terephthalic Acid industry.

Through their reputable brand, strong technical expertise and quality products, the Group is confident of strengthening its leadership in the energy saving sector and securing more orders in the near future.

Barring any unforeseen circumstances, the Management expects the Group to continue to be profitable in the second half of FY2010.

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

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

None.

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

None.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for the third quarter ended 30 September 2010.

**13. Negative Assurance Confirmation**

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 results for the third quarter ended 30 September 2010 to be false or misleading in all material aspects.

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

10 November 2010