

SUNPOWER GROUP LTD.

Unaudited Financial Statements for the First Quarter Ended 31 March 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 FIRST QUARTER ENDED 31 MARCH 2020

(RMB'000)	Actual (WITH financial effects of Convertible Bonds and Warrants)			Actual (WITHOUT financial effects of Convertible Bonds and Warrants)		
	First quarter ended		% change	First quarter ended		% change
	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)		31 March 2020 (Unaudited)	31 March 2019 (Unaudited)	
Revenue	672,683	811,603	(17.1)	672,683	811,603	(17.1)
Cost of sales	(518,285)	(640,151)	(19.0)	(518,285)	(640,151)	(19.0)
Gross profit	154,398	171,452	(9.9)	154,398	171,452	(9.9)
Other operating income	9,544	14,150	(32.6)	9,544	14,150	(32.6)
Selling and distribution expenses	(9,174)	(11,597)	(20.9)	(9,174)	(11,597)	(20.9)
Administrative expenses	(57,994)	(65,051)	(10.8)	(57,453)	(64,402)	(10.8)
Foreign exchange (loss)/ gain	(17,228)	7,659	(324.9)	(86)	(1,836)	(95.3)
Other operating expenses	(7,052)	(7,865)	(10.3)	(7,052)	(7,865)	(10.3)
Finance costs	(53,479)	(43,055)	24.2	(23,701)	(18,511)	28.0
Share of gain of associate	235	278	(15.5)	235	278	(15.5)
Fair value changes on convertible bonds	208,910	(77,768)	(368.6)	-	-	n.m.
Fair value changes on warrants	5,463	(8,615)	(163.4)	-	-	n.m.
Profit/ (Loss) before income tax	233,623	(20,412)	(1,244.5)	66,711	81,669	(18.3)
Income tax expense	(12,793)	(18,292)	(30.1)	(12,793)	(18,292)	(30.1)
Profit/ (Loss) for the period	220,830	(38,704)	(670.6)	53,918	63,377	(14.9)
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange difference on translation of foreign operation	39	215	(81.9)	39	215	(81.9)
Net fair value gain on investments in equity instruments designated as at fair value through other comprehensive income ("FVTOCI")	-	174	(100.0)	-	174	(100.0)
Net fair value gain on investments in debt instruments classified as at FVTOCI	211	932	(77.4)	211	932	(77.4)
Total comprehensive income/ (loss) for the period	221,080	(37,383)	(691.4)	54,168	64,698	(16.3)
Profit/ (Loss) for the period attributable to:						
Equity holders of the Company	217,984	(41,548)	(624.7)	51,072	60,533	(15.6)
Non-controlling interests	2,846	2,844	0.1	2,846	2,844	0.1
Profit/ (Loss) for the period	220,830	(38,704)	(670.6)	53,918	63,377	(14.9)
Total comprehensive income/ (loss) for the period attributable to:						
Equity holders of the Company	218,090	(40,469)	(638.9)	51,178	61,612	(16.9)
Non-controlling interests	2,990	3,086	(3.1)	2,990	3,086	(3.1)
Profit/ (Loss) for the period	221,080	(37,383)	(691.4)	54,168	64,698	(16.3)

n.m. denotes not meaningful

1(a) (ii) Other information:

(RMB'000)	Actual (WITH financial effects of Convertible Bonds and Warrants)			Actual (WITHOUT financial effects of Convertible Bonds and Warrants)		
	First quarter ended			First quarter ended		
	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)	% change	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)	% change
Depreciation expense	25,087	20,309	23.5	25,087	20,309	23.5
Amortisation of land use rights	1,873	1,522	23.1	1,873	1,522	23.1
Amortisation of intangible assets	13,958	11,387	22.6	13,958	11,387	22.6
Interest expense	53,479	43,055	24.2	23,701	18,511	28.0
Impairment allowance on trade and non-trade receivables	5,418	6,863	(21.1)	5,418	6,863	(21.1)
Reversal of impairment allowance on trade and non-trade receivables	(3,372)	(9,863)	(65.8)	(3,372)	(9,863)	(65.8)
Reversal of allowance for inventories	-	(371)	(100.0)	-	(371)	(100.0)
Loss on disposal of property, plant and equipment - net	195	69	182.6	195	69	182.6
Foreign exchange loss/ (gain) - net	17,228	(7,659)	(324.9)	86	1,836	(95.3)
Fair value (gain)/ loss on convertible bonds	(208,910)	77,768	(368.6)	-	-	n.m.
Fair value (gain)/ loss on warrants	(5,463)	8,615	(163.4)	-	-	n.m.

n.m. denotes not meaningful

Other operating income comprises:

(RMB'000)	Actual (WITH financial effects of Convertible Bonds and Warrants)			Actual (WITHOUT financial effects of Convertible Bonds and Warrants)		
	First quarter ended			First quarter ended		
	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)	% change	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)	% change
Government grant	3,137	1,977	58.7	3,137	1,977	58.7
Interest income	1,218	922	32.1	1,218	922	32.1
Government rebates	955	-	n.m.	955	-	n.m.
Gain on disposal of plant and equipment	4	33	(87.9)	4	33	(87.9)
Reversal of impairment allowance on trade and non-trade receivables	3,372	9,863	(65.8)	3,372	9,863	(65.8)
Others	858	1,355	(36.7)	858	1,355	(36.7)
Total	9,544	14,150	(32.6)	9,544	14,150	(32.6)

*There is no difference for other operating income with and without financial effects of Convertible Bonds and Warrants for the first quarter ended 31 March 2020.

Explanatory Note 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(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement at the end of the immediately preceding financial year.

UNAUDITED STATEMENTS OF FINANCIAL POSITION

(RMB'000)	Actual (WITH financial effects of Convertible Bonds and Warrants)			
	Group		Company	
	As at 31 March 2020 (Unaudited)	As at 31 December 2019 (Unaudited)*	As at 31 March 2020 (Unaudited)	As at 31 December 2019 (Unaudited)*
ASSETS				
Current assets:				
Cash and cash equivalents	491,290	690,481	9,795	13,343
Pledged bank deposits	105,953	107,047	-	-
Trade receivables and contract assets	1,269,811	1,321,311	-	-
Other receivables, deposits and prepayments	375,066	444,798	29,708	29,708
Inventories	506,241	558,849	-	-
Land use rights	7,132	7,132	-	-
Financial assets at fair value through other comprehensive income	226,810	172,880	-	-
Total current assets	2,982,303	3,302,498	39,503	43,051
Non-current assets:				
Land use rights	292,344	294,217	-	-
Property, plant and equipment	998,302	1,012,861	-	-
Right-of-use assets	12,956	14,003	-	-
Other receivables, deposits and prepayments	80,102	10,342	83,366	83,366
Financial assets at fair value through other comprehensive income	12,291	12,291	-	-
Subsidiaries	-	-	1,025,454	1,045,183
Associate	10,687	10,453	-	-
Intangible assets	2,611,699	2,526,828	-	-
Deferred tax assets	44,159	40,011	-	-
Goodwill	415,582	415,582	-	-
Commitment fee	10,196	11,172	10,196	11,172
Total non-current assets	4,488,318	4,347,760	1,119,016	1,139,721
Total assets	7,470,621	7,650,258	1,158,519	1,182,772
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	1,481,161	1,619,104	25,956	25,958
Other payables	273,296	526,492	31,352	43,828
Borrowings	844,574	1,009,611	42,511	41,857
Warrants	454	5,917	454	5,917
Income tax payable	30,657	70,799	-	-
Total current liabilities	2,630,142	3,231,923	100,273	117,560
Non-current liabilities:				
Deferred tax liabilities	213,756	213,716	-	-
Borrowings	1,638,263	1,272,203	-	-
Convertible bonds	753,126	921,307	753,126	921,307
Finance leases	11,385	11,241	-	-
Total non-current liabilities	2,616,530	2,418,467	753,126	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	162,546	156,912	-	-
Share option reserve	1,346	1,346	1,346	1,346
Foreign currency translation reserve	58	19	-	-
Fair value reserve	(3,144)	(3,212)	-	-
Retained earnings (Accumulated losses)	1,422,051	1,209,701	(57,848)	(219,063)
Equity attributable to equity holders of the Company	1,944,479	1,726,388	305,120	143,905
Non-controlling interests	279,470	273,480	-	-
Total equity	2,223,949	1,999,868	305,120	143,905
Total liabilities and equity	7,470,621	7,650,258	1,158,519	1,182,772

(RMB'000)	Actual (WITHOUT financial effects of Convertible Bonds and Warrants)			
	Group		Company	
	As at 31 March 2020 (Unaudited)	As at 31 December 2019 (Unaudited)*	As at 31 March 2020 (Unaudited)	As at 31 December 2019 (Unaudited)*
ASSETS				
Current assets:				
Cash and cash equivalents	491,290	690,481	9,795	13,343
Pledged bank deposits	105,953	107,047	-	-
Trade receivables and contract assets	1,269,811	1,321,311	-	-
Other receivables, deposits and prepayments	375,066	444,798	29,708	29,708
Inventories	506,241	558,849	-	-
Land use rights	7,132	7,132	-	-
Financial assets at fair value through other comprehensive income	226,810	172,880	-	-
Total current assets	2,982,303	3,302,498	39,503	43,051
Non-current assets:				
Land use rights	292,344	294,217	-	-
Property, plant and equipment	998,302	1,012,861	-	-
Right-of-use assets	12,956	14,003	-	-
Other receivables, deposits and prepayments	80,102	10,342	83,366	83,366
Financial assets at fair value through other comprehensive income	12,291	12,291	-	-
Subsidiaries	-	-	1,025,454	1,045,183
Associate	10,687	10,453	-	-
Intangible assets	2,611,699	2,526,828	-	-
Deferred tax assets	44,159	40,011	-	-
Goodwill	415,582	415,582	-	-
Commitment fee	13,897	13,897	13,897	13,897
Total non-current assets	4,492,019	4,350,485	1,122,717	1,142,446
Total assets	7,474,322	7,652,983	1,162,220	1,185,497
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	1,481,160	1,619,102	25,956	25,958
Other payables	271,304	507,545	29,360	24,882
Borrowings	844,574	1,009,611	42,511	41,857
Warrants	13,897	13,897	13,897	13,897
Income tax payable	30,657	70,799	-	-
Total current liabilities	2,641,592	3,220,954	111,724	106,594
Non-current liabilities:				
Deferred tax liabilities	213,756	213,716	-	-
Borrowings	1,638,263	1,272,203	-	-
Convertible bonds	794,266	816,978	794,266	816,978
Finance leases	11,385	11,241	-	-
Total non-current liabilities	2,657,670	2,314,138	794,266	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	162,546	156,912	-	-
Share option reserve	1,346	1,346	1,346	1,346
Foreign currency translation reserve	58	19	-	-
Fair value reserve	(3,144)	(3,212)	-	-
Retained earnings (Accumulated losses)	1,373,162	1,327,724	(106,738)	(101,041)
Equity attributable to equity holders of the Company	1,895,590	1,844,411	256,230	261,927
Non-controlling interests	279,470	273,480	-	-
Total equity	2,175,060	2,117,891	256,230	261,927
Total liabilities and equity	7,474,322	7,652,983	1,162,220	1,185,499

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

Amount repayable in one year or less, or on demand

(RMB'000)	As at 31 March 2020		As at 31 December 2019*	
	Secured	Unsecured	Secured	Unsecured
Borrowings	461,865	382,709	512,225	497,386

Amount repayable after one year

(RMB'000)	As at 31 March 2020		As at 31 December 2019*	
	Secured	Unsecured	Secured	Unsecured
Borrowings	1,503,763	134,500	1,184,203	88,000

Details of any collaterals:

<u>Collaterals</u>	As at 31 March 2020 (RMB'000)	As at 31 December 2019* (RMB'000)
Secured by building and land use rights of the subsidiary	1,334,728	1,187,728
Pledge of shares of subsidiaries	630,900	508,700
Guaranteed by the Company	178,198	154,029

* In view of the challenges and constraints placed on auditors arising from the Covid-19 situation, the financial statements of FY2019 remains unaudited and will be finalised by end May 2020.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

(RMB'000)	Actual (WITH financial effects of Convertible Bonds and Warrants)	
	First quarter ended	
	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Operating activities		
Profit/ (Loss) before income tax	233,623	(20,412)
Adjustments for:		
Depreciation expense	25,087	20,309
Amortisation of intangible assets	13,958	11,387
Interest expense	53,479	43,055
Amortisation of land use rights	1,873	1,522
Share of gain of associate	(235)	(278)
Loss on disposal of property, plant and equipment	195	69
Reversal of impairment allowance on inventories - net of impairment	-	(371)
Interest income	(1,218)	(922)
Impairment allowance on (Reversal of) trade and non-trade receivables, net	2,046	(3,000)
Amortisation of commitment fee	541	649
Exchange loss on warrants	435	765
Exchange loss/ (gain) on convertible bonds	16,707	(10,260)
Fair value (gain)/ loss on warrants	(5,463)	8,615
Fair value (gain)/ loss on convertible bonds	(208,910)	77,768
Operating cash flows before movements in working capital	132,118	128,896
Trade receivables and contract assets	(4,264)	(75)
Other receivables and prepayments	35,929	(17,901)
Inventories	52,608	(32,700)
Trade payables	(125,088)	41,975
Other payables	(64,550)	26,450
Cash generated from operations	26,753	146,645
Income tax paid	(57,043)	(38,426)
Interest received	1,218	922
Interest paid	(16,678)	(15,495)
Net cash (used in)/ from operating activities	(45,750)	93,646
Investing activities		
Purchase of property, plant and equipment	(8,433)	(7,166)
Prepayment for build-operate-transfer ("BOT") projects	(35,697)	-
Acquisition of intangible assets	(109,990)	(101,822)
Acquisition of subsidiaries *	(171,690)	(497,250)
Proceeds from disposal of property, plant and equipment	(53)	496
Net cash used in investing activities	(325,863)	(605,742)
Financing activities		
Proceeds from new borrowings	738,352	487,000
Pledged bank deposits	1,094	(7,543)
Repayment of borrowings	(537,329)	(52,856)
Proceeds from exercise of share options	-	2,925
Share buy-backs	-	(4,690)
Interest paid	(29,734)	(22,712)
Net cash from financing activities	172,383	402,124
Net decrease in cash and cash equivalents	(199,230)	(109,972)
Cash and cash equivalents at beginning of period	690,481	685,306
Effects of foreign exchange rate changes	39	215
Cash and cash equivalents at end of period	491,290	575,549

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

(RMB'000)	Actual (WITHOUT financial effects of Convertible Bonds and Warrants)	
	First quarter ended	
	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Operating activities		
Profit before income tax	66,711	81,669
Adjustments for:		
Depreciation expense	25,087	20,309
Amortisation of intangible assets	13,958	11,387
Interest expense	23,701	18,511
Amortisation of land use rights	1,873	1,522
Share of gain of associate	(235)	(278)
Loss on disposal of property, plant and equipment	195	69
Reversal of impairment allowance on inventories - net of impairment	-	(371)
Interest income	(1,218)	(922)
Impairment allowance on (Reversal of) trade and non-trade receivables, net	2,046	(3,000)
Operating cash flows before movements in working capital	132,118	128,896
Trade receivables and contract assets	(4,264)	(75)
Other receivables and prepayments	35,929	(17,901)
Inventories	52,608	(32,700)
Trade payables	(125,088)	41,975
Other payables	(64,550)	26,450
Cash generated from operations	26,753	146,645
Income tax paid	(57,043)	(38,426)
Interest received	1,218	922
Interest paid	(16,678)	(15,495)
Net cash (used in)/ from operating activities	(45,750)	93,646
Investing activities		
Purchase of property, plant and equipment	(8,433)	(7,166)
Prepayment for build-operate-transfer ("BOT") projects	(35,697)	-
Acquisition of intangible assets	(109,990)	(101,822)
Acquisition of subsidiaries *	(171,690)	(497,250)
Proceeds from disposal of property, plant and equipment	(53)	496
Net cash used in investing activities	(325,863)	(605,742)
Financing activities		
Proceeds from new borrowings	738,352	487,000
Pledged bank deposits	1,094	(7,543)
Repayment of borrowings	(537,329)	(52,856)
Proceeds from exercise of share options	-	2,925
Share buy-backs	-	(4,690)
Interest paid	(29,734)	(22,712)
Net cash from financing activities	172,383	402,124
Net decrease in cash and cash equivalents	(199,230)	(109,972)
Cash and cash equivalents at beginning of period	690,481	685,306
Effects of foreign exchange rate changes	39	215
Cash and cash equivalents at end of period	491,290	575,549

* The cash outflows for acquisition of subsidiaries during the first quarter includes payments for acquisitions made in the previous financial year.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Actual (WITH financial effects of Convertible Bonds and Warrants)											
Group	Share capital	Treasury shares	Share premium	General reserves	Share option reserve	Foreign currency translation reserve	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	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
Transactions with owners, recognised directly in equity											
Dividend paid	-	-	-	-	-	-	-	(11,802)	(11,802)	-	(11,802)
Transfer to general reserves	-	-	-	39,020	-	-	-	(39,020)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	(10,212)	(10,212)
Non-controlling interests arising from acquisition of subsidiary	-	-	-	-	-	-	-	-	-	31,794	31,794
Share buy-backs	-	(4,690)	-	-	-	-	-	-	(4,690)	-	(4,690)
Employee share option expenses	1,812	-	20,443	-	(7,060)	-	-	-	15,195	-	15,195
Total	1,812	(4,690)	20,443	39,020	(7,060)	-	-	(50,822)	(1,297)	21,582	20,285
Balance as at December 31, 2019*	57,251	(4,690)	309,061	156,912	1,346	19	(3,212)	1,209,701	1,726,388	273,480	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
Transactions with owners, recognised directly in equity											
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	162,546	1,346	58	(3,144)	1,422,051	1,944,479	279,470	2,223,949

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	-	-	-	-	-	-	-	(11,802)	(11,802)	-	(11,802)
Transfer to general reserves	-	-	-	39,020	-	-	-	(39,020)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	(10,212)	(10,212)
Non-controlling interests arising from acquisition of subsidiary	-	-	-	-	-	-	-	-	-	31,794	31,794
Share buy-backs	-	(4,690)	-	-	-	-	-	-	(4,690)	-	(4,690)
Employee share option expenses	1,812	-	20,443	-	(7,060)	-	-	-	15,195	-	15,195
Total	1,812	(4,690)	20,443	39,020	(7,060)	-	-	(50,822)	(1,297)	21,582	20,285
Balance as at December 31, 2019*	57,251	(4,690)	309,061	156,912	1,346	19	(3,212)	1,327,724	1,844,411	273,480	2,117,891
<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	162,546	1,346	58	(3,144)	1,373,162	1,895,590	279,470	2,175,060

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	-	-	-	-	(246,123)	(246,123)	(246,123)
<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	(219,063)	143,905	143,905
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 (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 loss 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

* In view of the challenges and constraints placed on auditors arising from the Covid-19 situation, the financial statements of FY2019 remains unaudited and will be finalised by end May 2020.

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 first quarter ended 31 March 2019 and there was no change in share capital during the first quarter ended 31 March 2020.

There were share buy-back transactions in 1Q2019. During the first quarter ended 31 March 2019, the total consideration for the treasury shares held under the share buy-back scheme was S\$ 934,366 for a total of 2,542,000 shares. The number of shares held as treasury shares by the Company represents 0.3% (31 March 2019: 0.3%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company as at 31 March 2020.

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

On 3 March 2017, the Company had completed the issuance of Convertible Bonds of an aggregate principal amount of US\$ 110 million which are convertible into fully paid ordinary shares in the capital of the Company (which will potentially represent approximately 28.2% to 51.4% of share capital on a diluted basis) to Glory Sky Vision Limited ("Glory Sky") (ultimately indirectly and beneficially owned by CDH Fund V, L. P. ("CDH")). The Convertible Bonds will mature in March 2022.

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 Green Investments ("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 Glory Sky respectively.

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

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

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

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

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

Not applicable.

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

Not applicable.

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

These figures have neither been audited nor reviewed.

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

Not applicable.

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

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)		Actual (WITHOUT financial effects of Convertible Bonds and Warrants)	
	First quarter ended		First quarter ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Net profit/ (loss) attributable to equity holders of the Group (RMB'000)	217,984	(41,548)	51,072	60,533
Weighted average number of ordinary shares outstanding ('000)	787,940	744,938	787,940	744,938
Earnings/ (Loss) per share - basic (RMB cent)	27.67	(5.58)	6.48	8.13

Basic earnings per share for the first quarter ended 31 March 2020 and 31 March 2019 have been calculated based on the weighted average number of ordinary issued share capital of 787,940,248 and 744,937,504 ordinary shares respectively.

(b) On a fully diluted basis (detailing any adjustments made to the earnings)

	Actual (WITH financial effects of Convertible Bonds and Warrants)		Actual (WITHOUT financial effects of Convertible Bonds and Warrants)	
	First quarter ended		First quarter ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Net profit/ (loss) attributable to equity holders of the Group (RMB'000)	247,762	(17,004)	51,072	60,533
Weighted average number of ordinary shares outstanding ('000)	1,205,637	1,114,873	1,205,637	1,114,873
Earnings/ (Loss) per share - diluted (RMB cents)	20.55	(1.53)	4.24	5.43

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 31 March 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			
	31 March 2020	31 December 2019	31 March 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)	245.56	218.02	239.39	232.92

	Company			
	31 March 2020	31 December 2019	31 March 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)	38.53	18.17	32.36	33.08

The net asset value per share for 31 March 2020 and 31 December 2019 have been computed based on shareholders' equity as at these dates and the existing share capital of 791,848,142 ordinary shares as at 31 March 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**

Review of the Group's performance for the first quarter ended 31 March 2020 ("1Q2020") as compared to that of the first quarter ended 31 March 2019 ("1Q2019")

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

Revenue

The Group's revenue decreased by approximately RMB 138.9 million or 17.1% from RMB 811.6 million in 1Q2019 to RMB 672.7 million in 1Q2020. The decrease was attributed to the decrease in revenue of RMB 111.3 million or 21.2% from the Manufacturing and Services ("M&S") segment, and RMB 27.6 million or 9.6% from the Green Investments ("GI") business, given that the temporary impact of COVID-19 led to the reduction of working hours in 1Q2020.

Gross Profit

The Group's gross profit decreased by approximately RMB 17.1 million or 10.5% from RMB 171.5 million in 1Q2019 to RMB 153.4 million in 1Q2020. The decrease was mainly attributable to the decrease in revenue of GI segments by RMB 14.8 million. However, gross profit margin increased from 21.1% in 1Q2019 to 23.0% in 1Q2020.

Profit before Income Tax

Profit before tax increased by RMB 254.0 million or 1,244.5% from a loss before tax of RMB 20.4 million in 1Q2019 to a profit before tax of RMB 233.6 million in 1Q2020. The increase was mainly attributable to the following factors:

- (a) Increase in fair value gain on Convertible Bonds of RMB 286.7 million as a result of the change in fair value on Convertible Bonds from a fair value loss of RMB 77.8 million in 1Q2019 to a fair value gain of RMB 208.9 million in 1Q2020, due primarily to the decrease in share price during the financial quarter from 31 December 2019 to 31 March 2020 as compared to the increase in share price during the financial quarter from 31 December 2018 to 31 March 2019;
- (b) Increase in fair value gain on warrants of RMB 14.1 million as a result of the change in fair value on warrants from a fair value loss of RMB 8.6 million in 1Q2019 to a fair value gain of RMB 5.5 million in 1Q2020, due primarily to the decrease in share price during the financial quarter from 31 December 2019 to 31 March 2020 as compared to the increase in share price during the financial quarter from 31 December 2018 to 31 March 2019; and
- (c) Decrease in administrative expenses of RMB 7.1 million caused mainly by the decrease in personnel expenses and entertainment expenses of RMB 3.2 million and RMB 2.0 million respectively.

The above-mentioned factors were offset by:

- (a) Increase in foreign exchange loss of RMB 24.9 million as compared to foreign exchange gain in corresponding period caused mainly by the translation of USD Convertible Bonds to RMB as US dollar appreciated against the RMB during this period; and
- (b) Increase in finance costs of RMB 10.4 million 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 1Q2020 would have been 19.2%.

Profit for the Financial Period

As a result of the above, the Group’s net profit attributable to shareholders increased by RMB 259.5 million or 624.7% from a loss of RMB 41.5 million in 1Q2019 to a profit of RMB 218.0 million in 1Q2020.

- (b) **Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of the Group’s Financial Position

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

The Group’s total current assets decreased by approximately RMB 320.2 million or 9.7% from RMB 3,302.5 million as at 31 December 2019 to RMB 2,982.3 million as at 31 March 2020. The decrease was mainly due to:

- (a) Decrease in cash and cash equivalents of RMB 199.2 million, mainly due to the usage of funds for Build-Operate-Transfer (“BOT”) and GI projects;

- (b) Decrease in trade receivables and contract assets of RMB 51.5 million arising from an aggregate decrease in trade receivables and retention receivables.

Approximately 28.5% and 8.1% of the trade receivables at 31 December 2019 and 31 March 2020 respectively were collected as at 30 April 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.

Collection efforts have been consistently maintained by the management through constant reminder to customers on their obligation and will seek for legal protection if necessary.

- (c) Decrease in inventories of RMB 52.6 million primarily due to an aggregate decrease of RMB 22.4 million in raw materials and consumables and RMB 30.2 million in work-in-progress; and
- (d) Decrease in other receivables, deposits and prepayments of RMB 69.7 million mainly due to the decrease in prepayments of RMB 58.9 million and the decrease in other receivables of RMB 10.8 million.

The above decrease was outweighed by the following:

- (a) Increase in financial assets at fair value through other comprehensive income of RMB 53.9 million resulting mainly from the increase in notes receivables held by the Group that were due as of 31 March 2020.

The Group's total non-current assets increased by RMB 140.6 million or 3.2% from RMB 4,347.8 million as at 31 December 2019 to RMB 4,488.3 million as at 31 March 2020. The increase was mainly due to:

- (a) Increase in intangible assets of RMB 84.9 million mainly due to service concession arrangements relating to Shantou and Xintai projects on hand as at 31 March 2020; and
- (b) Increase in other receivables, deposits and prepayments of RMB 69.8 million due to the increase in prepayments for BOT projects.

The above-mentioned factors were offset by:

- (a) Decrease in property, plant and equipment of RMB 14.6 million mainly due to the depreciation expenses incurred.

The Group's total current liabilities decreased by RMB 601.9 million or 18.6% from RMB 3,231.9 million as at 31 December 2019 to RMB 2,630.1 million as at 31 March 2020, mainly due to the following:

- (a) Decrease in trade payables of RMB 137.9 million as a result of decrease in payable to third parties of RMB 113.1 million and decrease in notes payables to third parties of RMB 36.1 million, offset by the increase in customer advances of RMB 11.3 million;
- (b) Decrease in other payables of RMB 253.2 million primarily due to the payment of considerations for the acquisition of Suyuan plant; and
- (c) Decrease in short-term borrowings of RMB 165.0 million mainly due to the repayment of said borrowings.

The Group's total non-current liabilities increased by approximately RMB 198.1 million or 8.2% from RMB 2,418.5 million as at 31 December 2019 to RMB 2,616.5 million as at 31 March 2020. The increase was due to:

- (a) Increase in long-term borrowings of approximately RMB 366.1 million to finance for “BOT and TOT” projects.

The above-mentioned factor was offset by:

- (a) Decrease in fair value of Convertible Bonds of RMB 168.2 million in 1Q2020. *Please refer to Section 8 Financial Effects of Convertible Bonds and Warrants.*

Review of the Group’s cash flow statement

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

Net cash used in operating activities amounted to approximately RMB 26.8 million in 1Q2020, primarily due to operating cash flow before movements in working capital of approximately RMB 132.1 million that were derived from:

- (a) Increased working capital requirements due to the decrease in trade payables of RMB 125.1 million, decrease in other payables of RMB 64.6 million and the decrease in trade receivables of RMB 4.2 million, outweighed by the increase in other receivables and prepayments of RMB 35.9 million and the increase in inventories of RMB 52.6 million ; and
- (b) Interest and tax paid of RMB 73.7 million in aggregate.

Net cash used in investing activities amounted to RMB 325.9 million mainly due to the expenditure on intangible assets of RMB 110.0 million, acquisition of subsidiaries of RMB 171.7 million and prepayment for BOT projects of RMB 35.7 million.

Net cash generated from financing activities amounted to RMB 172.4 million due to proceeds from new borrowings of RMB 738.4 million, which was offset by the repayment of bank loans of borrowings of RMB 537.3 million and interest paid for convertible bonds and bank borrowings of RMB 29.7 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 30 April 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 Thermolectric	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)
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 decreased by RMB 9.5 million or 15.6% from RMB 60.5 million in 1Q2019 to RMB 51.1 million in 1Q2020.

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 maintained a resilient performance in 1Q 2020 despite operational constraints caused by the pandemic. Amidst the challenges, YoY improvement in the Group's gross margin, EBITDA margin and underlying net profit margin was seen, demonstrating the resilience of Sunpower's adaptable business model

Group revenue was lowered 17.1% YoY in 1Q 2020 to RMB672.7 million due to the temporary reduction of operating hours amidst the pandemic. However, group gross margin increased by 1.8 percentage points (pps) to 23.0%, sustained by the continuous improvement in profitability of the M&S segment and the natural business resilience of the GI segment. Further, group EBITDA margin rose 3.1 pps YoY to 19.5%. Underlying net profit was RMB51.1 million, which reflects a 0.1 pps YoY rise in underlying net profit margin to 7.6%.

GI revenue and GI EBITDA were RMB259.1 million and RMB78.9 million in 1Q 2020, respectively. This compares to RMB286.7 million and RMB87.1 million respectively in 1Q 2019. GI EBITDA margin was maintained 30.5%, up 0.1 pps YoY.

Operating cashflow from GI projects remained positive at RMB11.4 million in 1Q 2020, despite the reduction of working hours caused by the pandemic. Certain GI plants such as Xinyuan and Xintai Zhengda continued to supply non-stop heating to residential households throughout the quarter. All GI plants resumed production after the came under control in China in end-February and early March.

M&S segment results¹ increased 1.9% YoY to RMB53.1 million despite a 21.2% YoY decrease in revenue to RMB413.6 million. The lower revenue was due to the temporary reduction of working hours caused by the pandemic but the improved profitability is the sustainable result of the continued comprehensive enhancement of the Group's core competitive strengths, secured by its technological innovations and sophisticated management.

Notably, the M&S order book increased approximately RMB300 million YoY to RMB2.8 billion as at April 2020. This is the highest level of orders ever secured and is attributable to the Group's market leadership, strong reputation, financial strength and its proven ability to deliver and execute. Sunpower's M&S segment focuses on the high-end market and services a large base of reputable customers in diverse industries. To date, Sunpower has delivered superior-quality products and solutions to ~1,500 customers and its reputable customers includes Wanhua Chemical, Hengli Petrochemical, CNOOC, CNPC, SINOPEC, ExxonMobil, BASF, BP, Shell, etc. Moreover, ~70% of the Company's customer base are repeat customers.

The CCP Central Committee Politburo meeting on 17 April 2020² emphasized the active expansion of domestic demand as the way to support economic recovery along with greater investment in infrastructure, including industrial park infrastructure that was listed by the Ministry of Finance as one of the segments for additional investment on 20 April 2020³.

In recent months, China's economy and supply chains to the rest of the world have also shown signs of stability and some recovery⁴. The China Purchasing Managers Index (PMI) has rebounded off the February low of 35.7% to 50.8% in April 2020, above the reading of 50.1% a year ago⁵. The International Monetary Fund has predicted that China will maintain positive growth in 2020 and will lead the world's recovery in 2021 with 9.2% real GDP growth rate⁶.

Finally, the latest global data suggests that many countries have passed the initial peaks of their respective outbreaks⁷, and countries such as Austria, France, Norway and Spain⁸ as well as certain states in the USA⁹ have started or announced plans to gradually lift their lockdowns over the next few months.

Companies with internally strong and resilient adaptable business models are well-positioned to overcome the temporary headwind of the pandemic. Sunpower plans to continue to execute its business in 2020 in a way that amplifies its strengths in order to improve earnings in quantity and quality, namely by:

- Solidifying its market position as an environmentally-clean centralised provider of industrial steam, electricity and heating through continuous ramp-up of existing projects, as well as investments and acquisitions of new projects,
- Riding on opportunities arising from structurally-driven environmental protection and national development trends, such as the closure of small dirty boilers, relocation of factories into industrial parks and development of biomass heating, and,
- Building on the sustainable, stable growth M&S business that has been systematically strengthened over many years, supported by an ecosystem of advanced proprietary technologies and deep domain expertise in energy-saving, energy-efficient environmental protection products and solutions.

¹ Segment results reflect the operating income of each business segment of the Group, before interest, tax and unallocated corporate expenses as well as fair value adjustments and FX gains or losses for the CBs and warrants.

² <http://www.12371.cn/2020/04/17/ART11587121500545171.shtml>

³ http://www.mof.gov.cn/zhengwuxinxi/caizhengxinwen/202004/t20200420_3501084.htm

⁴ <https://marketing1.eastmoney.com/202004171457789111.html>

⁵ http://www.stats.gov.cn/tjsj/zxfb/202004/t20200430_1742574.html

⁶ <https://blogs.imf.org/2020/04/14/the-great-lockdown-worst-economic-downturn-since-the-great-depression/>

⁷ <https://www.ft.com/coronavirus-latest?shareType=nongift>

⁸ <https://www.theguardian.com/world/2020/apr/28/france-and-spain-announcement-lockdowns-ease>

⁹ <https://www.bbc.com/news/world-us-canada-52435648>

Barring unforeseen circumstances, the Group expects the following business trends to benefit its 2020 results. 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 that are well positioned to capture new demand following mandatory closures of nearby small dirty boilers, namely Suyuan Plant which was acquired in 3Q 2019,
- Anticipated additional contributions from Shantou Phase 1 and Xintai Zhengda's new plant,
- Continued ramp-up of other existing GI projects, driven by continuous connection of new customers following mandatory closures of small dirty boilers and mandatory relocation of factories into industrial parks,
- The potential securing of more earnings-accretive M&As, and
- Record high M&S order book of RMB2.8 billion as at April 2020 as well as continuous improvement of M&S profitability due to the enhancement of core competitive strengths.

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

11. If a decision regarding dividend has been made:

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

None.

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

None.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended by the Board of Directors of the Company for the quarter ended 31 March 2020. It is not the Company's practice to declare dividends during the first quarter of the financial year.

13. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have an Interested Person Transaction mandate.

14. **Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)**

Not applicable.

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

We do hereby confirm on behalf of the Board of Directors of the Company (“the Board”) that, to the best of our knowledge nothing has come to the attention of the Board which may render the revised financial statements for the first quarter ended 31 March 2020 to be false or misleading in any material aspect.

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

Guo Hong Xin
Executive Chairman

Ma Ming
Executive Director

BY ORDER OF THE BOARD

Ma Ming
Executive Director

14 May 2020