

SUNPOWER GROUP LTD.

Unaudited Financial Statements for the First Quarter Ended 31 March 2021

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 2021

(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 2021	31 March 2020		31 March 2021	31 March 2020	
Revenue	882,845	672,683	31.2	882,845	672,683	31.2
Cost of sales	(695,432)	(518,285)	34.2	(695,432)	(518,285)	34.2
Gross profit	187,413	154,398	21.4	187,413	154,398	21.4
Other operating income	16,471	9,544	72.6	16,471	9,544	72.6
Selling and distribution expenses	(11,610)	(9,174)	26.6	(11,610)	(9,174)	26.6
Administrative expenses	(68,837)	(57,994)	18.7	(68,837)	(57,453)	19.8
Foreign exchange (loss)/ gain	(4,227)	(17,228)	(75.5)	492	(86)	(672.1)
Other operating expenses	(9,161)	(7,052)	29.9	(9,161)	(7,052)	29.9
Finance costs	(73,777)	(53,479)	38.0	(37,609)	(23,701)	58.7
Share of profit of associate	440	235	87.2	440	235	87.2
Fair value changes on convertible bonds	66,330	208,910	(68.2)	-	-	n.m.
Fair value changes on warrants	-	5,463	(100.0)	-	-	n.m.
Profit before income tax	103,042	233,623	(55.9)	77,599	66,711	16.3
Income tax expense	(16,950)	(12,793)	32.5	(16,950)	(12,793)	32.5
Profit for the period	86,092	220,830	(61.0)	60,649	53,918	12.5
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange difference on translation of foreign operation	15	39	(61.5)	15	39	(61.5)
Net fair value gain on investments in equity instruments designated as at fair value through other comprehensive income ("FVTOCI")	-	-	n.m.	-	-	n.m.
Net fair value (loss)/ gain on investments in debt instruments classified as at FVTOCI	(528)	211	(350.2)	(528)	211	(350.2)
Total comprehensive income for the period	85,579	221,080	(61.3)	60,136	54,168	11.0
Profit for the period attributable to:						
Equity holders of the Company	85,187	217,984	(60.9)	59,744	51,072	17.0
Non-controlling interests	905	2,846	(68.2)	905	2,846	(68.2)
Profit for the period	86,092	220,830	(61.0)	60,649	53,918	12.5
Total comprehensive income/ (loss) for the period attributable to:						
Equity holders of the Company	84,614	218,090	(61.2)	59,171	51,178	15.6
Non-controlling interests	965	2,990	(67.7)	965	2,990	(67.7)
Profit for the period	85,579	221,080	(61.3)	60,136	54,168	11.0

n.m. denotes not meaningful

1(a)(ii) Other information:

(RMB'000)	Actual (WITH financial effects of Convertible Bonds and Warrants)			Actual (WITHOUT financial effects of Convertible Bonds and Warrants)		
	First quarter ended			First quarter ended		
	31 March 2021	31 March 2020	% change	31 March 2021	31 March 2020	% change
Depreciation of property, plant and equipment	23,703	25,087	(5.5)	23,703	25,087	(5.5)
Depreciation of right-of-use assets	2,926	1,873	56.2	2,926	1,873	56.2
Amortisation of intangible assets	27,022	13,958	93.6	27,022	13,958	93.6
Interest expense	73,777	53,479	38.0	37,609	23,701	58.7
Impairment allowance on trade and non-trade receivables	7,633	5,418	40.9	7,633	5,418	40.9
Reversal of impairment allowance on trade and non-trade receivables	(10,497)	(3,372)	211.3	(10,497)	(3,372)	211.3
Loss on disposal of property, plant and equipment	179	195	(8.2)	179	195	(8.2)
Foreign exchange loss/ (gain) - net	4,227	17,228	(75.5)	(492)	86	(672.5)
Fair value gain on convertible bonds	(66,330)	(208,910)	(68.2)	-	-	n.m.
Fair value gain on warrants	-	(5,463)	(100.0)	-	-	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 2021	31 March 2020	% change	31 March 2021	31 March 2020	% change
Government grant	2,223	3,137	(29.1)	2,223	3,137	(29.1)
Interest income	1,373	1,218	12.7	1,373	1,218	12.7
Government rebates	1,125	955	17.8	1,125	955	17.8
Gain on disposal of plant and equipment	-	4	(100.0)	-	4	(100.0)
Reversal of impairment allowance on trade and non-trade receivables	10,497	3,372	211.3	10,497	3,372	211.3
Others	1,253	858	46.0	1,253	858	46.0
Total	16,471	9,544	72.6	16,471	9,544	72.6

*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 2021.

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 2021 (Unaudited)	As at 31 December 2020 (Audited)	As at 31 March 2021 (Unaudited)	As at 31 December 2020 (Audited)
ASSETS				
Current assets:				
Cash and cash equivalents	948,377	534,491	3,406	12,337
Pledged bank deposits	228,917	208,767	-	-
Trade receivables and contract assets	1,330,414	1,452,343	-	-
Other receivables, deposits and prepayments	571,979	307,428	104,137	83,740
Inventories	668,236	541,003	-	-
Financial assets at fair value through other comprehensive income	363,046	310,387	-	-
Total current assets	4,110,969	3,354,419	107,543	96,077
Non-current assets:				
Property, plant and equipment	999,131	999,488	-	-
Right-of-use assets	352,579	355,800	-	-
Other receivables, deposits and prepayments	165,681	89,488	83,660	83,660
Financial assets at fair value through other comprehensive income	12,420	12,420	-	-
Subsidiaries	-	-	914,379	914,379
Associate	12,463	12,023	-	-
Intangible assets	3,116,512	3,007,078	-	-
Deferred tax assets	45,050	38,819	-	-
Goodwill	415,582	415,582	-	-
Total non-current assets	5,119,418	4,930,698	998,039	998,039
Total assets	9,230,387	8,285,117	1,105,582	1,094,116
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables and contract liabilities	1,974,133	1,752,494	-	-
Other payables	275,598	396,874	121,809	104,384
Lease liabilities	3,453	4,362	-	-
Borrowings	785,324	766,378	-	-
Income tax payable	47,647	48,803	-	-
Total current liabilities	3,086,155	2,968,911	121,809	104,384
Non-current liabilities:				
Deferred tax liabilities	218,523	218,692	-	-
Borrowings	2,552,562	1,783,137	-	-
Convertible bonds	1,295,502	1,326,284	1,295,502	1,326,284
Lease liabilities	3,600	3,622	-	-
Total non-current liabilities	4,070,187	3,331,735	1,295,502	1,326,284
Capital and reserves:				
Share capital	57,413	57,251	57,413	57,251
Treasury shares	(4,690)	(4,690)	(4,690)	(4,690)
Share premium	328,573	309,061	312,692	309,061
General reserves	302,134	295,978	-	-
Share option reserve	677	1,346	677	1,346
Foreign currency translation reserve	(134)	(149)	-	-
Fair value reserve	(225)	363	-	-
Retained earnings (Accumulated losses)	1,091,024	1,011,993	(677,821)	(699,520)
Equity attributable to equity holders of the Company	1,774,772	1,671,153	(311,729)	(336,552)
Non-controlling interests	299,273	313,318	-	-
Total equity	2,074,045	1,984,471	(311,729)	(336,552)
Total liabilities and equity	9,230,387	8,285,117	1,105,582	1,094,116

(RMB'000)	Actual (WITHOUT financial effects of Convertible Bonds and			
	Group		Company	
	As at 31 March 2021 (Unaudited)	As at 31 December 2020 (Audited)	As at 31 March 2021 (Unaudited)	As at 31 December 2020 (Audited)
ASSETS				
Current assets:				
Cash and cash equivalents	948,377	534,491	3,406	12,337
Pledged bank deposits	228,917	208,767	-	-
Trade receivables and contract assets	1,330,414	1,452,343	-	-
Other receivables, deposits and prepayments	571,979	307,428	104,137	83,740
Inventories	668,236	541,003	-	-
Financial assets at fair value through other comprehensive income	363,046	310,387	-	-
Total current assets	4,110,969	3,354,419	107,543	96,077
Non-current assets:				
Property, plant and equipment	999,131	999,488	-	-
Right-of-use assets	352,579	355,800	-	-
Other receivables, deposits and prepayments	165,681	89,488	83,660	83,660
Financial assets at fair value through other comprehensive income	12,420	12,420	-	-
Subsidiaries	-	-	914,379	914,379
Associate	12,463	12,023	-	-
Intangible assets	3,116,512	3,007,078	-	-
Deferred tax assets	45,050	38,819	-	-
Goodwill	415,582	415,582	-	-
Total non-current assets	5,119,418	4,930,698	998,039	998,039
Total assets	9,230,387	8,285,117	1,105,582	1,094,116
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables and contract liabilities	1,974,133	1,752,494	-	-
Other payables	272,724	378,296	118,935	85,806
Lease liabilities	3,453	4,362	-	-
Borrowings	785,324	766,378	-	-
Income tax payable	47,647	48,803	-	-
Total current liabilities	3,083,281	2,950,333	118,935	85,806
Non-current liabilities:				
Deferred tax liabilities	218,523	218,692	-	-
Borrowings	2,552,562	1,783,137	-	-
Convertible bonds	773,222	794,265	773,222	794,265
Finance leases	3,600	3,622	-	-
Total non-current liabilities	3,547,907	2,799,716	773,222	794,265
Capital and reserves:				
Share capital	57,413	57,251	57,413	57,251
Treasury shares	(4,690)	(4,690)	(4,690)	(4,690)
Share premium	328,573	309,061	312,692	309,061
General reserves	302,134	295,978	-	-
Share option reserve	677	1,346	677	1,346
Foreign currency translation reserve	(134)	(149)	-	-
Fair value reserve	(225)	363	-	-
Retained earnings (Accumulated losses)	1,616,178	1,562,590	(152,667)	(148,923)
Equity attributable to equity holders of the Company	2,299,926	2,221,750	213,425	214,045
Non-controlling interests	299,273	313,318	-	-
Total equity	2,599,199	2,535,068	213,425	214,045
Total liabilities and equity	9,230,387	8,285,117	1,105,582	1,094,116

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 2021		As at 31 December 2020	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>433,323</u>	<u>352,001</u>	<u>725,378</u>	<u>41,000</u>

Amount repayable after one year

(RMB'000)	As at 31 March 2021		As at 31 December 2020	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>1,602,984</u>	<u>949,578</u>	<u>1,783,137</u>	<u>-</u>

Details of any collaterals:

<u>Collaterals</u>	As at 31 March 2021 (RMB'000)	As at 31 December 2020 (RMB'000)
Secured by building and land use rights of the subsidiary	1,852,116	904,625
Pledge of shareholding	-	849,578
Guaranteed by the company	184,192	197,800
Guaranteed by the subsidiary	<u>1,295,579</u>	<u>556,512</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

(RMB'000)	Actual (WITH financial effects of Convertible Bonds and Warrants)	
	First quarter ended	
	31 March 2021	31 March 2020
Operating activities		
Profit before income tax	103,042	233,623
Adjustments for:		
Depreciation of property, plant and equipment	23,703	25,087
Depreciation of right-of-use assets	2,926	1,873
Amortisation of intangible assets	27,022	13,958
Foreign exchange gain	(492)	-
Share of profit of associate	(440)	(235)
Loss on disposal of property, plant and equipment	179	195
Interest income	(1,373)	(1,218)
Interest expense	73,777	53,479
(Reversal of) Impairment allowance on trade and non-trade receivables, net	(2,864)	2,046
Amortisation of commitment fee	-	541
Exchange loss on warrants	-	435
Exchange loss on convertible bonds	4,719	16,707
Fair value gain on warrants	-	(5,463)
Fair value gain on convertible bonds	(66,330)	(208,910)
Operating cash flows before movements in working capital	163,869	132,118
Trade receivables and contract assets	124,812	(4,264)
Financial assets at fair value through other comprehensive income	(53,189)	-
Other receivables, deposits and prepayments	(247,312)	35,929
Inventories	(127,233)	52,608
Trade payables	479,460	(125,088)
Other payables	(88,403)	(64,550)
Cash generated from operations	252,004	26,753
Income tax paid	(23,816)	(57,043)
Interest received	1,373	1,218
Interest paid	(27,011)	(16,678)
Net cash from/ (used in) operating activities	202,550	(45,750)
Investing activities		
Purchase of property, plant and equipment	(35,528)	(8,433)
Prepayment for build-operate-transfer (“BOT”) projects	(76,193)	(35,697)
Acquisition of intangible assets	(409,988)	(109,990)
Purchase of subsidiaries *	(6,848)	(171,690)
Proceeds from disposal of property, plant and equipment	2,286	(53)
Net cash used in investing activities	(526,271)	(325,863)
Financing activities		
Proceeds from new borrowings	1,884,370	738,352
Pledged bank deposits	(20,150)	1,094
Repayment of borrowings	(1,099,052)	(537,329)
Repayment of lease liabilities	(931)	-
Proceeds from exercise of share options	1,945	-
Interest paid	(28,590)	(29,734)
Net cash from financing activities	737,592	172,383
Net increase/ (decrease) in cash and cash equivalents	413,871	(199,230)
Cash and cash equivalents at beginning of period	534,491	690,481
Effects of foreign exchange rate changes	15	39
Cash and cash equivalents at end of period	948,377	491,290

	Actual (WITHOUT financial effects of Convertible Bonds and Warrants)	
	First quarter ended	
	31 March 2021	31 March 2020
(RMB'000)		
Operating activities		
Profit before income tax	77,599	66,711
Adjustments for:		
Depreciation of property, plant and equipment	23,703	25,087
Depreciation of right-of-use assets	2,926	1,873
Amortisation of intangible assets	27,022	13,958
Foreign exchange gain	(492)	-
Share of profit of associate	(440)	(235)
Loss on disposal of property, plant and equipment	179	195
Interest income	(1,373)	(1,218)
Interest expense	37,609	23,701
(Reversal of) Impairment allowance on trade and non-trade receivables, net	(2,864)	2,046
Operating cash flows before movements in working capital	163,869	132,118
Trade receivables and contract assets	124,812	(4,264)
Financial assets at fair value through other comprehensive income	(53,189)	-
Other receivables, deposits and prepayments	(247,312)	35,929
Inventories	(127,233)	52,608
Trade payables	479,460	(125,088)
Other payables	(88,403)	(64,550)
Cash generated from operations	252,004	26,753
Income tax paid	(23,816)	(57,043)
Interest received	1,373	1,218
Interest paid	(27,011)	(16,678)
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Investing activities		
Purchase of property, plant and equipment	(35,528)	(8,433)
Prepayment for build-operate-transfer ("BOT") projects	(76,193)	(35,697)
Acquisition of intangible assets	(409,988)	(109,990)
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Proceeds from disposal of property, plant and equipment	2,286	(53)
Net cash used in investing activities	(526,271)	(325,863)
Financing activities		
Proceeds from new borrowings	1,884,370	738,352
Pledged bank deposits	(20,150)	1,094
Repayment of borrowings	(1,099,052)	(537,329)
Repayment of lease liabilities	(931)	-
Proceeds from exercise of share options	1,945	-
Interest paid	(28,590)	(29,734)
Net cash from financing activities	737,592	172,383
Net increase/ (decrease) in cash and cash equivalents	413,871	(199,230)
Cash and cash equivalents at beginning of period	534,491	690,481
Effects of foreign exchange rate changes	15	39
Cash and cash equivalents at end of period	948,377	491,290

* The cash outflow for purchase of subsidiaries during the first quarter is the payment 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 interests	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 January 1, 2020	57,251	(4,690)	309,061	183,165	1,346	19	(3,212)	1,190,358	1,733,298	266,570	1,999,868
<u>Total comprehensive loss for the year</u>											
Loss for the year	-	-	-	-	-	-	-	(55,551)	(55,551)	27,386	(28,165)
Other comprehensive income for the year	-	-	-	-	-	(168)	3,575	-	3,407	2,392	5,799
Total	-	-	-	-	-	(168)	3,575	(55,551)	(52,144)	29,778	(22,366)
<u>Transactions with owners, recognised directly in equity</u>											
Dividend paid	-	-	-	-	-	-	-	(10,001)	(10,001)	-	(10,001)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	(4,500)	(4,500)
Transfer to general reserves	-	-	-	112,813	-	-	-	(112,813)	-	-	-
Contribution from non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	21,470	21,470
Total	-	-	-	112,813	-	-	-	(122,814)	(10,001)	16,970	6,969
Balance as at December 31, 2020	57,251	(4,690)	309,061	295,978	1,346	(149)	363	1,011,993	1,671,153	313,318	1,984,471
<u>Total comprehensive income for January to March 2021</u>											
Income for January to March 2021	-	-	-	-	-	-	-	85,187	85,187	905	86,092
Other comprehensive loss for January to March 2021	-	-	-	-	-	15	(588)	-	(573)	60	(513)
Total	-	-	-	-	-	15	(588)	85,187	84,614	965	85,579
<u>Transactions with owners, recognised directly in equity</u>											
Transfer to general reserves	-	-	-	6,156	-	-	-	(6,156)	-	-	-
Acquisition of non-controlling interest	-	-	15,881	-	-	-	-	-	15,881	(15,010)	871
Employee share option expenses	162	-	3,631	-	(669)	-	-	-	3,124	-	3,124
Total	162	-	19,512	6,156	(669)	-	-	(6,156)	19,005	(15,010)	3,995
Balance as at March 31, 2021	57,413	(4,690)	328,573	302,134	677	(134)	(225)	1,091,024	1,774,772	299,273	2,074,045

Actual (WITHOUT 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 interests	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 January 1, 2020	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 the year</u>											
Profit for the year	-	-	-	-	-	-	-	377,024	377,024	27,386	404,410
Other comprehensive income for the year	-	-	-	-	-	(168)	3,575	-	3,407	2,392	5,799
Total	-	-	-	-	-	(168)	3,575	377,024	380,431	29,778	410,209
<u>Transactions with owners, recognised directly in equity</u>											
Dividend paid	-	-	-	-	-	-	-	(10,001)	(10,001)	-	(10,001)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	(4,500)	(4,500)
Transfer to general reserves	-	-	-	112,813	-	-	-	(112,813)	-	-	-
Contribution from non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	21,470	21,470
Total	-	-	-	112,813	-	-	-	(122,814)	(10,001)	16,970	6,969
Balance as at December 31, 2020	57,251	(4,690)	309,061	295,978	1,346	(149)	363	1,562,590	2,221,750	313,318	2,535,068
<u>Total comprehensive income for January to March 2021</u>											
Profit for January to March 2021	-	-	-	-	-	-	-	59,744	59,744	905	60,649
Other comprehensive loss for January to March 2021	-	-	-	-	-	15	(588)	-	(573)	60	(513)
Total	-	-	-	-	-	15	(588)	59,744	59,171	965	60,136
<u>Transactions with owners, recognised directly in equity</u>											
Transfer to general reserves	-	-	-	6,156	-	-	-	(6,156)	-	-	-
Acquisition of non-controlling interest	-	-	15,881	-	-	-	-	-	15,881	(15,010)	871
Employee share option expenses	162	-	3,631	-	(669)	-	-	-	3,124	-	3,124
Total	162	-	19,512	6,156	(669)	-	-	(6,156)	19,005	(15,010)	3,995
Balance as at March 31, 2021	57,413	(4,690)	328,573	302,134	677	(134)	(225)	1,616,178	2,299,926	299,273	2,599,199

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, 2020	57,251	(4,690)	309,061	1,346	(219,062)	143,906	143,906
Loss for the year, representing total comprehensive loss for the year	-	-	-	-	(470,457)	(470,457)	(470,457)
<u>Transactions with owners, recognised directly in equity</u>							
Dividend paid	-	-	-	-	(10,001)	(10,001)	(10,001)
Total	-	-	-	-	(10,001)	(10,001)	(10,001)
Balance as at December 31, 2020	57,251	(4,690)	309,061	1,346	(699,520)	(336,552)	(336,552)
Profit for the period, representing total comprehensive income for January to March 2021	-	-	-	-	21,699	21,699	21,699
<u>Transactions with owners, recognised directly in equity</u>							
Employee share option expenses	162	-	3,631	(669)	-	3,124	3,124
Total	162	-	3,631	(669)	-	3,124	3,124
Balance as at March 31, 2021	57,413	(4,690)	312,692	677	(677,821)	(311,729)	(311,729)

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, 2020	57,251	(4,690)	309,061	1,346	(101,041)	261,927	261,927
Loss for the year, representing total comprehensive loss for the year	-	-	-	-	(37,881)	(37,881)	(37,881)
<u>Transactions with owners, recognised directly in equity</u>							
Dividend paid	-	-	-	-	(10,001)	(10,001)	(10,001)
Total	-	-	-	-	(10,001)	(10,001)	(10,001)
Balance as at December 31, 2020	57,251	(4,690)	309,061	1,346	(148,923)	214,045	214,045
Loss for the period, representing total comprehensive loss for January to March 2021	-	-	-	-	(3,744)	(3,744)	(3,744)
<u>Transactions with owners, recognised directly in equity</u>							
Employee share option expenses	162	-	3,631	(669)	-	3,124	3,124
Total	162	-	3,631	(669)	-	3,124	3,124
Balance as at March 31, 2021	57,413	(4,690)	312,692	677	(152,667)	213,425	213,425

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

There was no change in share capital during the first quarter ended 31 March 2020 and there was a change in share capital during the first quarter ended 31 March 2021.

On 18 January 2021, the Company issued and allotted an aggregate of 960,000 ordinary shares in the capital of the Company, of which, 210,000 ordinary shares at an exercise price of S\$0.272 each, 426,000 ordinary shares at an exercise price of S\$0.379 each and 324,000 ordinary shares at an exercise price of S\$0.312 each, pursuant to the exercise of options granted under the Sunpower Employee Share Option Scheme 2015 ("ESOS").

On 17 March 2021, the Company issued and allotted an aggregate of 1,540,000 ordinary shares in the capital of the Company, of which, 784,000 ordinary shares at an exercise price of S\$0.379 each and 756,000 ordinary shares at an exercise price of S\$0.312 each, pursuant to the exercise of options granted under the ESOS.

The number of shares held as treasury shares by the Company represents 0.3% (31 March 2020: 0.3%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company as at 31 March 2021.

Pursuant to the announcement dated 29 March 2021, the Company had entered into placement letters (collectively, the "Placement Letters") with the key employees of the Company (the "Placees"), which the Placees will subscribe for, and the Company will allot and issue to the Placees, an aggregate of 2,542,000 treasury shares (each a "Placement Share") in the capital of the Company at an issue price of S\$0.368 for each Placement Share (the "Placement Price"), amounting to an aggregate gross consideration of S\$935,456 (the "Proposed Placement"). As at 31 March 2021, the completion of the Proposed Placement is conditional upon the approval by the Company's shareholders of the Proposed Placement at the special general meeting which will be held on 19 May 2021.

On 3 March 2017, the Company had completed the issuance of the first tranche convertible bonds of an aggregate principal amount of US\$ 110 million ("Tranche 1 Convertible Bonds" or "CB1s") 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")).

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 (each an "Investor" and collectively, the "Investors") 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") to DCP and CDH to fund the Green Investments ("GI") related business of the Company.

The Company and the Investors have entered into an amendment agreement (the "Amendment Agreement") on 31 December 2020 to amend certain terms of the purchase agreements of the CB1s and CB2s. Accordingly, the maturity date of the CB1s and CB2s is extended by one (1) year and revised to 3 March 2023.

The Company shall issue up to 57,625,714 Warrants at the exercise price of S\$ 0.70 (if exercised before or on 31 December 2019) or S\$ 0.80 (if exercised between 1 January 2020 to 31 December 2020, both dates inclusive), based on an agreed fixed exchange rate S\$ 1.3446 to US\$ 1. Each Warrant carries the right to subscribe for one (1) common share in the capital of the Company if the Warrants were exercised ("Warrant Share(s)").

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. As of 31 December 2020, none of the Warrants has been exercised and all Warrants have expired on 31 December 2020.

Immediately following the completion of the Proposed Placement, and assuming that all the outstanding CB1s and CB2s have been converted at S\$ 0.50 and S\$ 0.60 respectively and that the share options granted have been exercised as at 31 March 2021, the maximum number of shares that may be issued as at 31 March 2021 is 363,259,000 ordinary shares (31 March 2020: 413,639,500 ordinary shares, assuming that all the Warrants issued have been exercised as at 31 March 2020). The fully diluted shares (including treasury shares) as at 31 March 2021 and 31 March 2020 were 1,155,065,142 and 1,205,487,642 ordinary shares 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 2021 and 31 March 2020 was 794,348,142 and 791,848,142 shares respectively.

The Company's total treasury shares as at 31 March 2021 and 31 March 2020 was 2,542,000 shares.

The Company's total issued shares excluding treasury shares as 31 March 2021 and 31 March 2020 was 791,806,142 and 789,306,142 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.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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 for the current reporting period compared with the audited financial statements for the year ended 31 December 2020.

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.

None.

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

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

	Actual (WITH financial effects of Convertible Bonds and Warrants)		Actual (WITHOUT financial effects of Convertible Bonds and Warrants)	
	First quarter ended 31 March 2021	31 March 2020	First quarter ended 31 March 2021	31 March 2020
Net profit attributable to equity holders of the Group (RMB'000)	85,187	217,984	59,744	51,072
Weighted average number of ordinary shares outstanding ('000)	790,314	789,306	790,314	789,306
Earnings per share - basic (RMB cent)	10.78	27.62	7.56	6.47

Basic earnings per share for the first quarter ended 31 March 2021 and 31 March 2020 have been calculated based on the weighted average number of ordinary issued share capital of 790,313,698 and 789,306,142 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 31 March 2021	31 March 2020	First quarter ended 31 March 2021	31 March 2020
Net profit attributable to equity holders of the Group (RMB'000)	59,744	55,558	59,744	51,072
Weighted average number of ordinary shares outstanding ('000)	1,150,152	1,149,644	791,964	791,456
Earnings per share - <i>diluted</i> (RMB cents)	5.19	4.83	7.54	6.45

Diluted earnings per share for the above periods have been calculated by excluding treasury shares and assuming the outstanding convertibles have been converted at 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 share options granted have been exercised as at 31 March 2021. The warrants issued along with the CB2s have expired on 31 December 2020.

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 2021	31 December 2020	31 March 2021	31 December 2020
	<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)	261.94	251.42	328.26	321.18

	Company			
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	<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)	(39.37)	(42.64)	26.95	27.12

The net asset value per share for 31 March 2021 and 31 December 2020 have been computed based on shareholders' equity as at these dates and the existing share capital of 791,806,142 and 789,306,142 ordinary shares as at 31 March 2021 and 31 December 2020 respectively.

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

Review of the Group's performance for the first quarter ended 31 March 2021 ("1Q2021") as compared to that of the first quarter ended 31 March 2020 ("1Q2020")

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

Revenue

The Group's revenue increased by approximately RMB 210.2 million or 31.2% from RMB 672.7 million in 1Q2020 to RMB 882.8 million in 1Q2021. The increase was attributed to the increase in revenue of RMB 51.6 million or 12.5% from the Manufacturing and Services ("M&S") business, and RMB 158.5 million or 61.2% from the Green Investments ("GI") business, which was mainly contributed by the commercial operation of Shantou Project Phase 1 since 4Q2020.

Gross Profit

The Group's gross profit increased by approximately RMB 33.0 million or 21.4% from RMB 154.4 million in 1Q2020 to RMB 187.4 million in 1Q2021. The increase was mainly attributable to the increase in gross profit of GI segment by RMB 23.6 million.

Profit before Income Tax

Profit before tax decreased by RMB 130.6 million or 55.9% from a profit before tax of RMB 233.6 million in 1Q2020 to a profit before tax of RMB 103.0 million in 1Q2021. The decrease was mainly attributable to the following factors:

- (a) Increase in administrative expenses of RMB 10.8 million caused mainly by the increase in salaries and entertainment expense of M&S segment which is in line with the expansion of the business; and,
- (b) Increase in finance costs of RMB 20.3 million mainly due to the increase in bank borrowings and interest expensed to finance cost instead of capitalised to the cost of assets for the completed Shantou Phase 1 and Xintai Phase 1 projects; and
- (c) Decrease in fair value gain on Convertible Bonds of RMB 142.6 million from RMB 208.9 million in 1Q2020 to RMB 66.3 million in 1Q2021, due mainly to less decrease in share price during the financial quarter from 1 January 2021 to 31 March 2021 as compared to the decrease in share price during the financial quarter from 1 January 2020 to 31 March 2020.

The above-mentioned factors were offset by:

- (a) Decrease in foreign exchange loss of RMB 13.0 million was mainly due to the fact that US dollar appreciated less against RMB for the USD Convertible Bonds compared to the same period last year.

Income Tax Expense

The income tax expense increased by RMB 4.2 million or 32.5% from RMB 12.8 million in 1Q2020 to RMB 17.0 million in 1Q2021. The increase was mainly attributable to the increase in profit before tax excluding the financial effects of the Convertible Bonds and Warrants from RMB 66.7 million in 1Q2020 to RMB 77.6 million in 1Q2021.

Profit for the Financial Period

As a result of the above, the Group's net profit attributable to shareholders decreased by RMB 132.8 million or 60.9% from a profit of RMB 218.0 million in 1Q2020 to a profit of RMB 85.2 million in 1Q2021.

- (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 increased by approximately RMB 756.6 million or 22.6% from RMB 3,354.4 million as at 31 December 2020 to RMB 4,111.1 million as at 31 March 2021. The increase was mainly due to:

- (a) Increase in cash and cash equivalents of RMB 413.9 million, mainly due to the proceeds from bank loans;
- (b) Increase in other receivables, deposits and prepayments of RMB 264.6 million mainly due to the increase in prepayments of M&S segment of RMB 197.3 million and the increase in other receivables of M&S segment of RMB 33.1 million;
- (c) Increase in inventories of RMB 127.2 million due primarily to the increase in work-in-progress of RMB 136.5 million of M&S segment, offset by the decrease in raw materials and consumables of RMB 9.3 million; and
- (d) Increase in financial assets at fair value through other comprehensive income of RMB 52.7 million resulting mainly from the increase in notes receivables held by the Group that were due as of 31 March 2021.

The above increase was outweighed by the following:

- (a) Decrease in trade receivables and contract assets of RMB 121.9 million arising from more prompt payments by customers.

Approximately 30.8% and 14.3% of the trade receivables at 31 December 2020 and 31 March 2021 respectively were collected as at 30 April 2021. 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 including seeking legal action if necessary.

The Group's total non-current assets increased by RMB 188.7 million or 3.8% from RMB 4,930.7 million as at 31 December 2020 to RMB 5,119.4 million as at 31 March 2021. The increase was mainly due to:

- (a) Increase in other receivables, deposits and prepayments of RMB 76.2 million due primarily to the increase in long-term prepaid expenses for GI projects; and

- (b) Increase in intangible assets of RMB 109.4 million due to service concession arrangements relating to Shantou, Xintai and Tongshan projects on hand as at 31 March 2021.

The Group's total current liabilities increased by RMB 117.2 million or 3.9% from RMB 2,968.9 million as at 31 December 2020 to RMB 3,086.2 million as at 31 March 2021, mainly due to the following:

- (a) Increase in trade payables and contract liabilities of RMB 221.6 million primarily as a result of an aggregate increase in customer advances and note payables to third parties of RMB 325.3 million, offset by the decrease in payable to third parties of RMB 120.9 million of M&S segment.

The above-mentioned factors were offset by:

- (a) Decrease in other payables of RMB 121.3 million primarily due to the settlement of accrued payroll, tax liabilities and interest payable for Convertible Bonds.

The Group's total non-current liabilities increased by approximately RMB 738.5 million or 22.2% from RMB 3,331.7 million as at 31 December 2020 to RMB 4,070.2 million as at 31 March 2021. The increase was due to:

- (a) Increase in long-term borrowings of RMB 769.4 million due primarily to the financing of the Xintai, Shantou and Tongshan projects.

The above-mentioned factor was offset by:

- (a) Decrease in fair value of Convertible Bonds of RMB 30.8 million in 1Q2021. *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 from operating activities amounted to approximately RMB 202.6 million in 1Q2021, primarily due to the following factors:

- (a) Decreased working capital requirements due to the decrease in trade receivables of RMB 124.8 million, increase in financial assets at fair value through other comprehensive income of RMB 53.2 million, increase in other receivables and prepayments of RMB 247.3 million, increase in inventories of RMB 127.2 million, increase in trade payables of RMB 479.5 million and decrease in other payables of RMB 88.4 million; and
- (b) Interest and tax paid of RMB 50.8 million in aggregate.

Net cash used in investing activities amounted to RMB 526.3 million mainly due to the acquisition of intangible assets of RMB 410.0 million, purchase of property, plant and equipment of RMB 35.5 million and prepayment for BOT projects of RMB 76.2 million.

Net cash from financing activities amounted to RMB 737.6 million due to proceeds from bank loans of RMB 1,884.4 million, offset by repayment of bank loans of RMB 1,099.1 million, pledge of bank deposits of RMB 20.2 million and interest paid of RMB 28.6 million.

Use of Proceeds from Convertible Bonds

On 3 March 2017, the Company completed the issuance of first tranche convertible bonds with an aggregate principal amount of US\$ 110 million ("Tranche 1 Convertible Bonds" or "CB1s"),

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.).

On 10 January 2018, Glory Sky transferred US\$ 60 million in principal amount of CB1s 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 of CB1s of the Company, respectively.

On 6 September 2018, the Company obtained shareholders’ approval for the issuance of a second tranche of convertible bonds with an aggregate principal amount of US\$ 70 million (“Tranche 2 Convertible Bonds or “CB2s”) and warrants with an aggregate exercisable amount of US\$ 30 million (the “Warrants”) to DCP and CDH to fund the GI related business of the Company. The net proceeds raised from the issuance of CB1s is approximately US\$ 106.2 million after deducting transaction expenses of US\$ 3.8 million, while net proceeds from the issuance of CB2s is expected to be approximately US\$ 67.6 million after the CB2s are fully issued to the Investors, after deducting transaction expenses of approximately US\$ 2.4 million.

Subsequently, the Company completed the issuance of CB2s with an aggregate principal amount of US\$ 20 million on 15 October 2018 and completed the issuance of 57,625,714 Warrants on 21 December 2018. As at 31 December 2020, all 57,625,714 Warrants expired unexercised and ceased to be valid for any purpose. To-date, the Company’s completed issuance of Convertible Bonds (both Tranche 1 and Tranche 2) is an aggregate principal amount of US\$ 130 million, and the net proceeds raised from the issuance of Convertible Bonds is US\$123.8 million.

On 31 December 2020, the Company and the Investors entered into an amendment agreement (the “Amendment Agreement”) to amend certain terms of the purchase agreements of the CBs. The Amendment Agreement confirms that the aggregate principal amount of the Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds (collectively, the “Convertible Bonds” or “CBs”) issued as at the date of the Amendment Agreement is US\$130 million, and proposes to extend the maturity date of the CBs by one (1) year to 3 March 2023¹.

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 2021, the Company has utilised an aggregate of US\$ 123.8 million of the net proceeds from Convertible Bonds as per the 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)

¹ For the full details, please refer to the circular to shareholders that was released on 31 March 2021.

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)
Total Convertible Bonds Proceeds utilised		US\$ 123.8 million (approximately RMB 805.7 million)

*Note:

(1) 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.

(2) 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 fees 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 expense (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 8.7 million or 17.0% from RMB 51.1 million in 1Q2020 to RMB 59.7 million in 1Q2021.

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

There is no variance between the actual results and the forecast, or prospect statement previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's business turned in robust growth in 1Q 2021 compared to 1Q 2020, due mainly to continued strong operational execution, continued ramping up of existing GI projects, new GI projects commenced production, and supportive business conditions as a result of excellent pandemic control that resulted in a stable and reliable YoY growth, led in particular by the GI business.

Group revenue rose 31.2% YoY to RMB882.8 million, group EBITDA increased 28.6% YoY to RMB168.9 million and group PATMI improved 17.0% YoY to RMB59.7 million. Underlying operating cash inflow improved significantly to RMB223.6 million.

The GI business's rapid expansion continued to yield strong YoY growth in 1Q 2021 mainly driven by (a) 9 GI projects in commercial operation vs 8 GI projects in operation and 1 in trial production in 1Q 2020; (b) continued rapid ramping up of GI plants such as Shantou Phase 1; (c) expansion in the customer base of the operational projects; (c) revamp and upgrade of the acquired GI plants that improved operational efficiency; and (d) firm and effective control of the pandemic in China. As a result, GI revenue grew 61.2% YoY to RMB417.6 million while GI EBITDA grew 45.9% YoY to RMB115.2 million.

M&S revenue rose 12.5% YoY to RMB465.2 million.

On 16 April 2021, all resolutions set out in the Notice for Special General Meeting dated 31 March 2021 in relation to the Proposed Disposal of the entire Manufacturing and Services (M&S) business, voted by way of poll, were duly passed by Shareholders at the Special General Meeting.

On 30 April 2021, the Company announced that RMB2.21 billion, equal to 96.51% of the Consideration, has been escrowed into the Onshore Escrow Account in accordance with the terms of the Onshore Escrow Agreement and the SPA. Further, all of the Tranche 1 Conditions, including the completion of the registration in respect of the change of shareholders of Sunpower Technology by registering the Purchaser as the 100% shareholder of Sunpower Technology, have been satisfied. Accordingly, the Company will make a further announcement on the record date and the payment date for the Tranche 1 Special Dividend, following receipt of the Tranche 1 Consideration.

China was the only major economy in the world to grow in 2020 and it continues to power ahead in 2021. 1Q GDP rose 18.3% YoY and 0.6% QoQ, with the rebound defined by robust growth in international trade and domestic consumption, as highlighted by the 38.7% YoY growth in exports, 19.3% growth in imports and 33.9% YoY growth in total retail sales of consumer goods in 1Q. For 2021, the government's official GDP growth forecast is "more than 6%", which has been estimated by private economists to range from 7.8% by OECD to 9.3% by Bloomberg Economics, with the International Monetary Fund and a Nikkei poll of China economists forecasting 8.4% and 8.5% growth rates on average, respectively.

Barring unforeseen circumstances, the Group expects the business trends summarized below to benefit the GI business in FY2021. Please note that Sunpower's financial results should be viewed on a 12-month basis to arrive at a balanced perspective.

(1) Anticipated additional contributions from new plants, namely:

- Shantou Project, where Phase 1 is in commercial operation and will continue to ramp up rapidly, while Phase 2 construction is expected to be completed in 2021.
- Xintai Zhengda Project, where part of the new facility is in commercial operation, and construction of the remaining part is expected to be completed in 2021.

- Tongshan Project, where construction of Phase 1 is expected to be completed in 2021.
- (2) Continued ramp up and enhancement of all existing greenfield and acquired GI plants, namely:
- Continuous connection of new customers, following mandatory closures of small dirty boilers, mandatory location and/or relocation of new factories into industrial parks, and/or organic growth of customers and industrial parks served by the Group's GI plants.
 - Anticipated increase in demand for steam when Xinyuan Plant starts to supply clean heating to its new 2 million m² concession area in Jimo International Trade Park.
 - Changrun Project will start to supply Sanli under its 25-year exclusive supply contract once the construction of the connecting pipeline network is completed in 2021.

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 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 2021. 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 for the financial quarter ended 31 March 2021.

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 2021 to be false or misleading in any material aspect.

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

Ma Ming
Executive Director

Yang Zheng
Lead Independent Director

BY ORDER OF THE BOARD

Ma Ming
Executive Director

12 May 2021