



SUNPOWER GROUP LTD.

VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Board of Directors (the “**Board**”) of Sunpower Group Ltd. (the “**Company**”, and together with its subsidiaries, “**Sunpower**” or the “**Group**”) refers to the announcement on the unaudited full year financial statements for the financial year ended 31 December 2021 (“**FY2021**”) released on 27 February 2022 (the “**Unaudited Financial Statements**”).

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board wishes to announce and clarify the variances between the audited financial statements for FY2021 (“**Audited Financial Statements**”) and the Unaudited Financial Statements after the completion of the audit by the Company’s external auditor for FY2021 and subsequent to the release of the announcement of the Unaudited Financial Statements. Please note that all the variances are due to reclassifications between account captions in the balance sheet, profit or loss and cash flows of the Group with no impact on results and net assets of the Group.

The detailed variances to the Statement of Financial Position of the Group and the Company as at 31 December 2021 between the Audited Financial Statements and the Unaudited Financial Statements are set out below:

Statement of Financial Position of the Group and Company as at 31 December 2021

(RMB'000)	The Group				The Company			
	Audited Financial Statements (RMB'000)	Unaudited Financial Statements (RMB'000)	Variance (RMB'000)	Notes	Audited Financial Statements (RMB'000)	Unaudited Financial Statements (RMB'000)	Variance (RMB'000)	Notes
ASSETS								
Current assets								
Cash and cash equivalents	398,399	401,399	(3,000)	(i)	39,795	39,795	-	
Pledged bank deposits	60,790	57,790	3,000	(i)	-	-	-	
Other receivables, deposits and prepayments	359,803	359,803	-		303,106	1,652,106	(1,349,000)	(iv)
Non-current assets								
Property, plant and	647,163	689,163	(42,000)	(ii)	-	-	-	
Other receivables, deposits and prepayments	58,956	16,956	42,000	(ii)				
TOTAL ASSETS	6,604,726	6,604,726	-		1,340,940	2,689,940	(1,349,000)	
LIABILITIES								
Trade payables, other payables and contract liabilities	849,371	849,371	-		389,803	1,738,803	(1,349,000)	(iv)
TOTAL LIABILITIES	4,753,931	4,753,931	-		1,299,530	2,648,530	(1,349,000)	
Equity								
Share premium	313,653	297,812	15,841	(iii)	313,653	297,812	15,841	(iii)
Retained earnings (Accumulated losses)	1,028,665	1,044,506	(15,841)	(iii)	(330,224)	(314,383)	(15,841)	(iii)
TOTAL EQUITY	1,850,795	1,850,795	-		41,410	41,410	-	
TOTAL LIABILITIES AND EQUITY	6,604,726	6,604,726	-		1,340,940	2,689,940	(1,349,000)	

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Notes:

- (i) Reclassification of pledged bank deposits from cash and cash equivalents.
- (ii) Reclassification from property, plant and equipment to long term prepayments in relation to construction projects in progress.
- (iii) Reclassification between share premium and retained earnings due to disposal of M&S segment.
- (iv) The variance was attributable to offset the amount due to/from the same subsidiary which the company intended to settle on a net basis.

The variances to the Consolidated Statement Profit or Loss and Other Comprehensive Income for FY2021 between the Group's Audited Financial Statements and the Unaudited Financial Statements are set out below:

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2021

(RMB'000)	Audited Financial Statements (RMB'000)	Unaudited Financial Statements (RMB'000)	Variance (RMB'000)	Notes
<u>Profit for Continuing operations</u>				
Revenue	2,902,319	2,862,297	40,022	(i)
Selling and distribution expenses	(40,022)	-	(40,022)	(i)
Other operating income	143,155	143,003	152	n.m.
Other operating expenses	(42,812)	(42,660)	(152)	
Profit before income tax	1,057,710	1,057,710	-	

n.m. denotes not material for variance below 5% and RMB10 million.

Note:

- (i) Reclassification of commission fees paid to agent from revenue on a gross basis in accordance with the requirements of SFRS(I) INT15.

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The variances to the Consolidated Statement of Cash Flows for FY2021 between the Group's Audited Financial Statements and the Unaudited Financial Statements are set out below:

Consolidated Statement of Cash Flows for the financial year ended 31 December 2021

(RMB'000)	Audited Financial Statements (RMB'000)	Unaudited Financial Statements (RMB'000)	Variance (RMB'000)	Notes
Operating activities				
Adjustments for:				
Amortisation of intangible assets	107,465	110,261	(2,796)	n.m.
Expenses on disposal of subsidiaries	41,075	52,070	(10,995)	(i)
Impairment loss on pledged bank deposits	3,081	-	3,081	(ii)
Operating cash flows before movements in working capital	457,154	467,864	(10,710)	
Other payables	721,454	709,878	11,576	(i)
Cash generated from operations	434,469	433,603	866	
Net cash from operating activities	223,208	222,342	866	
Investing activities				
Purchase of property, plant and equipment	(92,563)	(134,563)	42,000	(iii)
Prepayment for build-operate-transfer ("BOT") projects	(36,120)	-	(36,120)	(iv)
Acquisition of intangible assets	(870,537)	(831,449)	(39,088)	(iii)(iv)(vi)
Proceeds from disposal of subsidiaries	1,455,140	1,403,070	52,070	(v)
Payment for expenses on disposal of subsidiaries	(52,070)	-	(52,070)	(v)
Payment of deferred consideration relating to acquisition of subsidiaries	(6,701)	(6,639)	(62)	n.m.
Net cash from investing activities	472,204	505,474	(33,270)	
Financing activities				
Proceeds from new borrowings	2,301,473	2,265,473	36,000	(vi)
Pledged bank deposits	(14,329)	(8,248)	(6,081)	(ii) (vii)
Repayments of lease liabilities	(1,888)	(1,372)	(516)	n.m.
Net cash used in financing activities	(831,463)	(860,866)	29,403	
Net decrease in cash and cash equivalents	(136,051)	(133,051)	(3,000)	(vii)
Cash and cash equivalents at beginning of year	534,491	534,491	-	
Effects of foreign exchange rate changes	(41)	(41)	-	
Cash and cash equivalents at end of year	398,399	401,399	(3,000)	(vii)

n.m. denotes not material for variance below 5% and RMB10million.

Notes:

- (i) Correct the Expenses on disposal of subsidiaries of RMB 11.0 million on accrual basis rather than cash basis.
- (ii) Add back non-cash impairment loss on pledged bank deposits to operating activities from Pledged bank deposits in financing activities.
- (iii) Reclassify the construction in progress of RMB 42.0 million from Purchase of property, plant and equipment to Acquisition of intangible assets in relation to build-operate-transfer ("BOT") projects.
- (iv) To present the prepayment for build-operate-transfer ("BOT") projects of RMB 36.1 million separately from acquisition of intangible assets.
- (v) To present the payment for expenses and proceeds from disposal of subsidiaries at gross amount separately.
- (vi) Add back both the Proceeds from new borrowings and Acquisition of intangible assets by RMB 36.0 million to reflect the gross amount.
- (vii) The pledged bank deposits increased by RMB 3.0 million arising from the reclassification of cash and cash equivalents.

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The variances to the Related Party Transactions disclosed in Notes to Financial Statements of the Group for FY2021 between the Company's Audited Financial Statements and the Unaudited Financial Statements are set out below:

Related Party Transactions for the financial year ended 31 December 2021

(RMB'000)	Audited Financial Statements (RMB'000)	Unaudited Financial Statements (RMB'000)	Variance (RMB'000)	Notes
Disposal of M&S Segment	2,290,000	-	2,290,000	(i)
Purchase of construction services	416,882	265,948	150,934	(ii)

Notes:

- (i) The Company announced the proposed disposal of the M&S business on 31 December 2020. On 16 April 2021, the proposed disposal was approved by shareholders of the Company at a Special General Meeting. The cash proceeds from disposal of M&S segment was disclosed under Note 18 - Analysis of Assets and Liabilities of Discontinued Operations in fourth quarter announcement.
- (ii) The variance of purchase of construction services is between the unaudited figure in cash basis and the audited figure in accrual basis, while the cost of constructions reflected in fourth quarter announcement and the audited financial statement are correctly recorded in accordance with SFRS(I) INT 12.

By order of the Board

Ma MingExecutive Director and Chief Executive Officer
5 April 2022