



SUNPOWER GROUP LTD.

(1) COMPANY TO MAKE PROVISIONS FOR BAD DEBTS (2) PROFIT GUIDANCE FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

The Board of Directors (the "**Board**") of Sunpower Group Ltd. (the "**Company**" and together with its subsidiaries (the "**Group**")) wishes to inform shareholders that based on a preliminary assessment of the Group's draft unaudited financial results for the three months ended 30 September 2024 ("**3Q2024**" and such results, the "**Unaudited 3Q2024 Results**") taking into consideration the latest relevant information received, the Group is expected to report a net loss for 3Q2024.

The expected net loss for 3Q2024 is due mainly to the need to make a one-off provision for bad debt, of which the impact to net profit attributable to the shareholders is approximately (RMB80.1 million) based on the latest information received from State Grid Shandong Electric Power Company (国网山东省电力有限公司) and State Grid Jiangsu Electric Power Company(国网江苏省电力有限公司), the wholly-owned subsidiaries of State Grid Corporation of China (国家电网有限公司) (the "**State Grid**"), regarding the amount of power subsidies from biomass generation (the "**Biomass Power Subsidies**") available to two of the Group's green investment ("**GI**") projects that have biomass boilers – namely the project in Xintai City of Shandong Province ("**Xintai Project**") and the project in Tongshan District, Xuzhou City of Jiangsu Province ("**Tongshan Project**") – during the financial years ended 31 December 2021 ("**FY2021**"), 31 December 2022 ("**FY2022**") and 31 December 2023 ("**FY2023**"). The Group had previously recognised the Biomass Power Subsidies in respect of the Xintai Project and the Tongshan Project as trade receivables during FY2021, FY2022 and FY2023.

The Board is of the view that the possibility of recovering the relevant Biomass Power Subsidies is low based on the present situation. Accordingly, the Group intends to make a one-off provision for bad debt in the Unaudited 3Q2024 Results, and consequently, the full-year results for the financial year ending 31 December 2024.

Based on the information received from the State Grid that the amount of Biomass Power Subsidies available to the Group was reduced only for the period between FY2021 and FY2023:

- the necessary provision for bad debt to be made in the Unaudited 3Q2024 Results is one-off in nature; and
- the Company is of the view that the provision has fully reflected the potential loss arising from the above information received.

The Group is in the process of finalising the Unaudited 3Q2024 Results, and as such, the above is qualified in its entirety by and should be read in conjunction with the Unaudited 3Q2024 Results when released. For more details, analysis and commentary, shareholders may refer to the Unaudited 3Q2024 Results which are expected to be released on or before 14 November 2024.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company and to refrain from taking any action in relation to their shares in the Company which may be prejudicial to their interests. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers.

By Order of the Board

Ma Ming

Executive Director and Chief Executive Officer

4 November 2024

This announcement may include forward-looking statements and financial information provided with respect to the anticipated future performance and involves assumptions and uncertainties based on the Group's view of future events. These forward-looking statements can be identified by terminology such as "will", "expects", "anticipates", "future", "intends", "plans", "believes", "estimates" and similar statements. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions; interest rate trends; continued availability of working capital financing in the amounts and terms necessary to support future business; capital availability and cost of capital for existing debt refinancing needs; competition from other companies and venues for the sales/distribution of similar services; seasonal and structural shifts in customer demand; changes in operating expenses, including raw material costs; and changes in governmental policies and planning that may affect the execution of the GI business. Accordingly, there is no assurance that such projections and forward-looking statements can be realized. No representations or warranties are made as to the accuracy or reasonableness of such assumptions of the forward-looking statements and financial information based thereon. The Group undertakes no obligation to update forward-looking statements and financial information to reflect subsequent occurring events or circumstances, or to changes in its expectations, except as may be required by law. The past performance and business model of the Group is not necessarily indicative of the future performance and business model of the Group.