

SUNPOWER GROUP LTD.

Unaudited Financial Statements for the Third Quarter And Nine Months Ended 30 September 2016

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 INCOME STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

(RMB'000)	Third quarter ended		% change	Nine months ended		% change
	30 September 2016	30 September 2015		30 September 2016	30 September 2015	
Revenue	373,509	349,990	6.7	1,057,526	918,366	15.2
Cost of sales	(280,259)	(268,745)	4.3	(791,543)	(711,295)	11.3
Gross profit	93,250	81,245	14.8	265,983	207,071	28.5
Other operating income	4,657	5,622	(17.2)	15,736	12,115	29.9
Selling and distribution expenses	(13,146)	(12,384)	6.2	(28,551)	(30,406)	(6.1)
Administrative expenses	(39,284)	(40,272)	(2.5)	(114,331)	(107,529)	6.3
Other operating expenses	(3,414)	(3,339)	2.2	(10,955)	(7,561)	44.9
Finance costs	(5,040)	(4,794)	5.1	(17,239)	(17,181)	0.3
Profit before income tax	37,023	26,078	42.0	110,643	56,509	95.8
Income tax expense	(7,237)	(6,752)	7.2	(20,524)	(12,366)	66.0
Profit for the period	29,786	19,326	54.1	90,119	44,143	104.2
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit and loss</i>						
Exchange difference on translation of foreign operation	1	47	(97.9)	35	47	(25.5)
Total comprehensive income for the period	29,787	19,373	53.8	90,154	44,190	104.0
Profit for the period attributable to:						
Equity holders of the Company	31,047	18,771	65.4	87,518	44,336	97.4
Non-controlling interest	(1,261)	555	(327.2)	2,601	(193)	n.m.
Profit for the financial period	29,786	19,326	54.1	90,119	44,143	104.2
Total comprehensive income for the period attributable to :						
Equity holders of the Company	31,048	18,818	65.0	87,553	44,383	97.3
Non-controlling interest	(1,261)	555	(327.2)	2,601	(193)	n.m.
Profit for the period	29,787	19,373	53.8	90,154	44,190	104.0

n.m. – not meaningful

1(a) (ii) Other information:

(RMB'000)	Third quarter ended			Nine months ended		
	30 September 2016	30 September 2015	% change	30 September 2016	30 September 2015	% change
Depreciation expense	7,661	7,902	(3.0)	23,093	19,811	16.6
Amortisation of land use rights	352	353	(0.3)	1,058	1,059	(0.1)
Amortisation of intangible assets	246	607	(59.5)	736	1,821	(59.6)
Impairment allowance on trade and non-trade receivables	2,396	2,897	(17.3)	8,895	6,786	(31.1)
Reversal of impairment allowance on trade and non-trade receivables	(2,954)	(1,167)	153.1	(9,281)	(4,770)	94.6
Impairment allowance (reversal of) on inventories	849	-	n.m.	849	(153)	(654.9)
Loss on disposal of property, plant and equipment	1	10	(90.0)	61	150	(59.3)
Interest expense	5,040	4,794	5.1	17,239	17,181	0.3
Employee Share Option	1,983	1,994	(0.6)	5,948	2,903	104.9
Foreign exchange (loss)/gain - net	(114)	3,935	(102.9)	(1,650)	3,622	(145.6)

Note:

Other operating income comprises:

(RMB'000)	Third quarter ended			Nine months ended		
	30 September 2016	30 September 2015	% Change	30 September 2016	30 September 2015	% change
Government grant	295	301	(2.0)	4,094	1,315	211.3
Interest income	678	303	123.8	1,012	1,774	(43.0)
Foreign exchange gain	-	3,622	n.m.	-	3,622	n.m.
Reversal of impairment allowance on trade and non-trade receivables	2,954	1,167	153.1	9,281	4,770	94.6
Others	730	229	218.8	1,349	634	112.8
Total	<u>4,657</u>	<u>5,622</u>	(17.2)	<u>15,736</u>	<u>12,115</u>	29.9

n.m. – not meaningful

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

STATEMENT OF FINANCIAL POSITION

(RMB'000)	Group		Company	
	(Unaudited) 30 September 2016	(Audited) 31 December 2015	(Unaudited) 30 September 2016	(Audited) 31 December 2015
ASSETS				
Current assets:				
Cash and cash equivalents	116,228	397,527	4,393	122,105
Pledged bank deposits	71,143	65,066	-	-
Trade receivables	1,313,762	1,261,959	-	-
Other receivables, deposits and prepayments	116,494	94,317	14,776	5,623
Inventories	225,101	234,823	-	-
Land use rights	1,412	1,412	-	-
Total current assets	<u>1,844,140</u>	<u>2,055,104</u>	<u>19,169</u>	<u>127,728</u>
Non-current assets:				
Land use rights	172,590	146,297	-	-
Property, plant and equipment	290,470	307,013	-	-
Investment in subsidiaries	-	-	333,493	218,944
Other receivables, deposits and prepayments	154,440	-	20,000	30,000
Intangible assets	300,637	2,534	-	-
Goodwill	5,483	5,483	-	-
Deferred tax assets	14,412	12,073	-	-
Total non-current assets	<u>938,032</u>	<u>473,400</u>	<u>353,493</u>	<u>248,944</u>
Total assets	<u>2,782,172</u>	<u>2,528,504</u>	<u>372,662</u>	<u>376,672</u>
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	1,076,420	871,721	-	-
Other payables	169,628	183,860	41,544	32,821
Borrowings	358,876	438,000	-	-
Income tax payable	28,658	18,094	-	-
Total current liabilities	<u>1,633,582</u>	<u>1,511,675</u>	<u>41,544</u>	<u>32,821</u>
Non-current liabilities:				
Deferred tax liabilities	8,511	8,071	-	-
Borrowings	54,000	16,000	-	-
Total non-current liabilities	<u>62,511</u>	<u>24,071</u>	<u>-</u>	<u>-</u>
Capital and reserves:				
Share capital	53,531	53,531	53,531	53,531
Share premium	266,938	266,938	266,938	266,938
General reserves	64,333	56,466	-	-
Share option reserve	10,845	4,897	10,845	4,897
Foreign currency translation reserve	146	111	-	-
Accumulated profits/(loss)	665,496	590,126	(196)	18,485
Equity attributable to equity holders of the Company	1,061,289	972,069	331,118	343,851
Non-controlling interest	24,790	20,689	-	-
Total equity	<u>1,086,079</u>	<u>992,758</u>	<u>331,118</u>	<u>343,851</u>
Total liabilities and equity	<u>2,782,172</u>	<u>2,528,504</u>	<u>372,662</u>	<u>376,672</u>

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 30 September 2016		As at 31 December 2015	
	Secured	Unsecured	Secured	Unsecured
Borrowings	110,000	248,876	90,000	348,000

Amount repayable after one year

(RMB'000)	As at 30 September 2016		As at 31 December 2015	
	Secured	Unsecured	Secured	Unsecured
Borrowings	-	54,000	-	16,000

Details of any collaterals:

<u>Collaterals</u>	30	31
	September	December
	2016	2015
	RMB'000	RMB'000
Bank deposit	-	50,000
Land-use rights and buildings of subsidiaries	110,000	40,000

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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

(RMB'000)	Third quarter ended		Nine months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
Operating activities				
Profit before income tax	37,023	26,078	110,643	56,509
Adjustments for:				
Depreciation expense	7,661	7,902	23,093	19,811
Interest expense	5,040	4,794	17,239	17,181
Amortisation of land use rights	352	353	1,058	1,059
Amortisation of intangible assets	246	607	736	1,821
Loss on disposal of property, plant and equipment	1	10	61	150
Impairment allowance (reversal of) on inventories	849	-	849	(153)
Interest income	(678)	(303)	(1,012)	(1,774)
(Reversal of) impairment allowance on trade and non-trade receivables –net of reversals	(558)	1,730	(386)	2,016
Share option expense	1,983	1,994	5,948	2,903
Operating cash flows before movements in working capital	51,919	43,165	158,229	99,523
Trade receivables	(43,424)	(110,819)	(51,416)	(83,377)
Other receivables, deposits and prepayments	(15,260)	(31,343)	(22,177)	(54,007)
Inventories	5,800	(98,213)	8,873	(105,564)
Trade payables	176,709	186,994	204,699	224,099
Other payables	(13,452)	12,926	(14,232)	(7,312)
Cash generated from operations	162,292	2,710	283,976	73,362
Income tax paid	(1,158)	(2,600)	(11,859)	(8,691)
Interest received	678	303	1,012	1,774
Interest paid	(5,040)	(4,794)	(17,239)	(17,181)
Net cash generated from (used in) operating activities	156,772	(4,381)	255,890	49,264
Investing activities				
Purchase of property, plant and equipment	(10,764)	(2,082)	(23,352)	(14,422)
Prepayment for projects	-	-	(92,100)	-
Acquisition of intangible asset	(211,817)	-	(344,477)	-
Payment for land use rights acquired	(286)	-	(27,351)	-
Proceeds from disposal of property, plant and equipment	(1)	109	39	183
Net cash used in investing activities	(222,868)	(1,973)	(487,241)	(14,239)
Financing activities				
Proceeds from new borrowings	66,000	44,686	417,000	336,000
Contribution from non-controlling interest holders	-	-	1,500	-
Repayment of borrowings	(117,024)	(42,261)	(458,124)	(342,994)
Pledged bank deposits	16,990	(29,591)	(6,077)	(16,366)
Payment of dividend	-	-	(4,282)	(1,799)
Net cash used in financing activities	(34,034)	(27,166)	(49,983)	(25,159)
Net (decrease) increase in cash and cash equivalents	(100,130)	(33,520)	(281,334)	9,866
Cash and cash equivalents at beginning of period	216,357	153,872	397,527	110,486
Effects of foreign exchange rate changes	1	47	35	47
Cash and cash equivalents at end of period	116,228	120,399	116,228	120,399

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

<u>Group</u>	<u>Share capital</u>	<u>Share Premium</u>	<u>General reserves</u>	<u>Share option reserve</u>	<u>Foreign currency translation reserve</u>	<u>Accumulated profits</u>	<u>Equity attributable to equity holders of the Company</u>	<u>Non-controlling interest</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Balance at 1 January 2015	31,281	75,379	51,642	-	(12)	515,254	673,544	21,998	695,542
<u>Total comprehensive income for January to March 2015</u>									
Profit for January to March 2015	-	-	-	-	-	10,397	10,397	(783)	9,614
Other comprehensive income for January to March 2015	-	-	-	-	8	-	8	-	8
Total	-	-	-	-	8	10,397	10,405	(783)	(9,622)
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserves	-	-	620	-	-	(620)	-	-	-
Total	-	-	620	-	-	(620)	-	-	-
Balance at 31 March 2015	31,281	75,379	52,262	-	(4)	525,031	683,949	21,215	705,164
<u>Total comprehensive income for April to June 2015</u>									
Profit for April to June 2015	-	-	-	-	-	15,168	15,168	35	15,203
Other comprehensive income for April to June 2015	-	-	-	-	(8)	-	(8)	-	(8)
Total	-	-	-	-	(8)	15,168	15,160	35	15,195
<u>Transactions with owners, recognised directly in equity</u>									
Dividend paid	-	-	-	-	-	(1,799)	(1,799)	-	(1,799)
Transfer to general reserves	-	-	768	-	-	(768)	-	-	-
Employee share option expenses	-	-	-	909	-	-	909	-	909
Total	-	-	768	909	-	(2,567)	(890)	-	(890)
Balance at 30 June 2015	31,281	75,379	53,030	909	(12)	537,632	698,219	21,250	719,469

<u>Group</u>	Share capital	Share Premium	General reserves	Share option reserve	Foreign currency translation reserve	Accumulated profits	Equity attributable to equity holders of the Company	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 July 2015	31,281	75,379	53,030	909	(12)	537,632	698,219	21,250	719,469
<u>Total comprehensive income for July to September 2015</u>									
Profit for July to September 2015	-	-	-	-	-	18,771	18,771	555	19,326
Other comprehensive income for July to September 2015	-	-	-	-	47	-	47	-	47
Total	-	-	-	-	47	18,771	18,818	555	19,373
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserves	-	-	1,888	-	-	(1,888)	-	-	-
Employee share option expenses	-	-	-	1,994	-	-	1,994	-	1,994
Total	-	-	1,888	1,994	-	(1,888)	1,994	-	1,994
Balance at 30 September 2015	31,281	75,379	54,918	2,903	35	554,515	719,031	21,805	740,836
<u>Total comprehensive income for September to December 2015</u>									
Profit for September to December 2015	-	-	-	-	-	37,159	37,159	(1,116)	36,043
Other comprehensive income for September to December 2015	-	-	-	-	76	-	76	-	76
Total	-	-	-	-	76	37,159	37,235	(1,116)	36,119
<u>Transactions with owners, recognised directly in equity</u>									
Ordinary shares issued	22,250	191,559	-	-	-	-	213,809	-	213,809
Transfer to general reserves	-	-	1,548	-	-	(1,548)	-	-	-
Employee share option expenses	-	-	-	1,994	-	-	1,994	-	1,994
Total	22,250	191,559	1,548	1,994	-	(1,548)	215,803	-	215,803
Balance at 31 December 2015	53,531	266,938	56,466	4,897	111	590,126	972,069	20,689	992,758

<u>Group</u>	<u>Share capital</u>	<u>Share Premium</u>	<u>General reserve</u>	<u>Share option reserve</u>	<u>Foreign currency translation reserve</u>	<u>Accumulated profits</u>	<u>Equity attributable to equity holders of the Company</u>	<u>Non-controlling interest</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Balance at 1 January 2016	53,531	266,938	56,466	4,897	111	590,126	972,069	20,689	992,758
<u>Total comprehensive income for January to March 2016</u>									
Profit for January to March 2016	-	-	-	-	-	16,020	16,020	(766)	15,254
Other comprehensive income for January to March 2016	-	-	-	-	17	-	17	-	17
Total	-	-	-	-	17	16,020	16,037	(766)	15,271
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	1,055	-	-	(1,055)	-	-	-
Employee share option expenses	-	-	-	1,983	-	-	1,983	-	1,983
Total	-	-	1,055	1,983	-	(1,055)	1,983	-	1,983
Balance at 31 March 2016	53,531	266,938	57,521	6,880	128	605,091	990,089	19,923	1,010,012
<u>Total comprehensive income for April to June 2016</u>									
Profit for April to June 2016	-	-	-	-	-	40,451	40,451	4,628	45,079
Other comprehensive income for April to June 2016	-	-	-	-	17	-	17	-	17
Total	-	-	-	-	17	40,451	40,468	4,628	45,096
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	3,441	-	-	(3,441)	-	-	-
Dividend paid	-	-	-	-	-	(4,282)	(4,282)	-	(4,282)
Contribution from non-controlling interest holders	-	-	-	-	-	-	-	1,500	1,500
Employee share option expenses	-	-	-	1,982	-	-	1,982	-	1,982
Total	-	-	3,441	1,982	-	(7,723)	(2,300)	1,500	(800)
Balance at 30 June 2016	53,531	266,938	60,962	8,862	145	637,819	1,028,257	26,051	1,054,308

<u>Group</u>	Share capital	Share Premium	General reserve	Share option reserve	Foreign currency translation reserve	Accumulated profits	Equity attributable to equity holders of the Company	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 July 2016	53,531	266,938	60,962	8,862	145	637,819	1,028,257	26,051	1,054,308
<u>Total comprehensive income for July to September 2016</u>									
Profit for July to September 2016	-	-	-	-	-	31,048	31,048	(1,261)	29,787
Other comprehensive income for July to September 2016	-	-	-	-	1	-	1	-	1
Total	-	-	-	-	1	31,048	31,049	(1,261)	29,788
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	3,371	-	-	(3,371)	-	-	-
Employee share option expenses	-	-	-	1,983	-	-	1,983	-	1,983
Total	-	-	3,371	1,983	-	(3,371)	1,983	-	1,983
Balance at 30 September 2016	53,531	266,938	64,333	10,845	146	665,496	1,061,289	24,790	1,086,079

<u>Company</u>	<u>Share capital</u>	<u>Share premium</u>	<u>Share option reserve</u>	<u>Accumulated profits</u>	<u>Equity attributable to equity holders of the Company</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Balance at 1 January 2015	31,281	75,379	-	30,948	137,608	137,608
Loss for the period, representing total comprehensive loss for January to March 2015	-	-	-	(1,775)	(1,775)	(1,775)
Balance at 31 March 2015	31,281	75,379	-	29,173	135,833	135,833
Loss for the period, representing total comprehensive loss for April to June 2015	-	-	-	(2,197)	(2,197)	(2,197)
<u>Transactions with owners, recognised directly in equity</u>						
Employee share option expenses	-	-	909	-	909	909
Dividends paid	-	-	-	(1,799)	(1,799)	(1,799)
Total	-	-	909	(1,799)	(890)	(890)
Balance at 30 June 2015	31,281	75,379	909	25,177	132,746	132,746
Loss for the period, representing total comprehensive income for July to September 2015	-	-	-	(2,678)	(2,678)	(2,678)
<u>Transactions with owners, recognised directly in equity</u>						
Employee share option expenses	-	-	1,994	-	1,994	1,994
Total	-	-	1,994	-	1,994	1,994
Balance at 30 September 2015	31,281	75,379	2,903	22,499	132,062	132,062
Loss for the period, representing total comprehensive income for October to December 2015	-	-	-	(4,014)	(4,014)	(4,014)
<u>Transactions with owners, recognised directly in equity</u>						
Ordinary shares issued	22,250	191,559	-	-	213,809	213,809
Employee share option expenses	-	-	1,994	-	1,994	1,994
Dividends paid	-	-	-	-	-	-
Total	22,250	191,559	1,994	-	215,803	215,803
Balance at 31 December 2015	53,531	266,938	4,897	18,485	343,851	343,851
Loss for the period, representing total comprehensive loss for January to March 2016	-	-	-	(3,935)	(3,935)	(3,935)
<u>Transactions with owners, recognised directly in equity</u>						
Employee share option expenses	-	-	1,983	-	1,983	1,983
Total	-	-	1,983	-	1,983	1,983
Balance at 31 March 2016	53,531	266,938	6,880	14,550	341,899	341,899

<u>Company</u>	Share capital	Share premium	Share option reserve	Accumulated profits	Equity attributable to equity holders of the Company	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 31 March 2016	53,531	266,938	6,880	14,550	341,899	341,899
Loss for the period, representing total comprehensive loss for April to June 2016	-	-	-	(6,039)	(6,039)	(6,039)
<u>Transactions with owners, recognized directly in equity</u>						
Employee share option expenses	-	-	1,982	-	1,982	1,982
Dividends paid	-	-	-	(4,282)	(4,282)	(4,282)
Total	-	-	1,982	(4,282)	(2,300)	(2,300)
Balance at 30 June 2016	53,531	266,938	8,862	4,229	333,560	333,560
Loss for the period, representing total comprehensive loss for July to September 2016	-	-	-	(4,425)	(4,425)	(4,425)
<u>Transactions with owners, recognized directly in equity</u>						
Employee share option expenses	-	-	1,983	-	1,983	1,983
Total	-	-	1,983	-	1,983	1,983
Balance at 30 September 2016	53,531	266,938	10,845	(196)	331,118	331,118

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

On 19 May 2015, the Group granted a total of 59,220,000 share options at an exercise price of S\$0.116. The options will vest at the end of two years from 19 May 2015 and exercisable eight years from the date of vesting. The total number of share options granted constitutes approximately 15% of the Company's issued share capital of 394,800,000 shares as at 30 June 2016.

On 30 December 2015, the Group completed the placement of an aggregate of 342,857,142 new ordinary shares at an offer price of S\$0.14. The total number of placement shares issued represented approximately 46% of the Company's issued share capital of 737,657,142 shares as at 31 December 2015.

There was no change in share capital during the third quarters ended 30 September 2016 and 30 September 2015.

There were no outstanding convertibles or treasury shares held as at 30 September 2016, 31 December 2015 and 30 September 2015.

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 30 September 2016 and 31 December 2015 is 737,657,142 ordinary shares, while the total issued shares as at 30 September 2015 is 394,800,000 ordinary shares.

There were no shares held as treasury shares as at 30 September 2016, 31 December 2015 and 30 September 2015.

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

Not applicable.

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

These figures have neither been audited nor reviewed.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 same accounting policies and methods of computation used in the 31 December 2015 audited financial statements have been applied.

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

Not applicable.

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

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

	Third quarter ended		Nine months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
Net profit attributable to equity holders of the Group (RMB'000)	31,047	18,771	87,518	44,336
Weighted average number of ordinary shares outstanding ('000)	737,657	394,800	737,657	394,800
Earnings per share – basic (RMB cents)	4.21	4.75	11.86	11.23

Basic earnings per share for third quarter and nine months ended 30 September 2016 and 30 September 2015 have been calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding.

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

	Third quarter ended		Nine months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
Net profit attributable to equity holders of the Group (RMB'000)	31,047	18,771	87,518	44,336
Weighted average number of ordinary shares outstanding ('000)	756,223	454,020	757,285	416,099
Earnings per share – diluted (RMB cents)	4.11	4.13	11.56	10.66

Diluted earnings per share for the above periods have been calculated assuming the share options granted have been exercised during 3Q2016.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

	Group		Company	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Net asset value per share (RMB cents)	143.87	131.78	44.89	46.61

The net asset value per share for 30 September 2016 and 31 December 2015 has been computed based on shareholder's equity as at these dates and existing share capital of 737,657,142 ordinary shares as at 30 September 2016 and 31 December 2015.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) Any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

The Group's performance for the third quarter ended 30 September 2016 ("3Q2016") as compared to that of the third quarter ended 30 September 2015 ("3Q2015")

Revenue

The Group's revenue increased by approximately RMB 23.5 million or 6.7% from RMB 350.0 million in 3Q2015 to RMB 373.5 million in 3Q2016. The increase was attributed to an increase of RMB 81.8 million from the EPC Integrated Solutions Systems segment. The increase was offset

by a decrease of RMB 58.3 million from the Environmental Equipment Manufacturing (EEM) segment.

Gross Profit

Gross profit increased by approximately RMB 12.1 million or 14.8 % from RMB 81.2 million 3Q2015 to RMB 93.3 million in 3Q2016. Gross profit margin increased from 23.2% for 3Q2015 to 25.0% for 3Q2016 mainly due to higher gross margin achieved by EPC Integrated Solutions Systems segment.

Profit before Income Tax

The Group's profit before tax increased by RMB 10.9 million or 42.0% from RMB 26.1 million in 3Q2015 to RMB 37.0 million in 3Q2016. The increase was mainly attributable to the increase in the gross profit of approximately RMB 12.1 million.

Income Tax Expense

Income tax rate applied by the subsidiaries are:

- (i) Jiangsu Sunpower Technology Co., Ltd, Jiangsu Sunpower Pressure Vessels Equipment Manufacturing Co., Ltd and Jiangsu Sunpower Pipe-line Engineering Technology Co., Ltd enjoyed concessionary rates of 15%; and
- (ii) Sunpower Technology (Jiangsu) Co., Ltd and the other subsidiaries applied 25% income tax rate.

As a result, the Group's effective income tax rate is 19.5% for 3Q2016.

Profit for the Financial Period

In respect of the above, the Group's net profit attributable to the shareholders increased by RMB 12.2 million or 65.4% from RMB 18.8 million in 3Q2015 to RMB 31.0 million in 3Q2016.

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

Review of the Group's Financial Position

The Group's total current assets decreased by RMB 211.0 million or 10.3% from RMB 2,055.1 million as at 31 December 2015 to RMB 1,844.1 million as at 30 September 2016 mainly due to a decrease in cash and cash equivalents of RMB 281.3 million. This resulted mainly from the usage of funds from share placement in December 2015 for BOT projects during the nine months ended 30 September 2016.

The above decrease was partly offset by the following:

- (a) Increase in trade receivables of RMB 51.8 million arising mainly from increase in notes receivables with recourse of RMB 109.3 million. This was offset against the decrease in notes receivables from third parties of RMB 26.1 million and decrease in receivables from third parties of RMB 33.7 million.

Approximately 43.7% and 6.5% of the trade receivables at 31 December 2015 and 30 September 2016 respectively were collected as of 31 October 2016. 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 but payments remain slow due to tightening credit in China; and

- (b) Increase in other receivables, deposits and prepayments of RMB 22.2 million resulting from the prepayment for raw material.

The Group's total non-current assets increased by RMB 464.6 million or 98.1% from RMB 473.4 million as at 31 December 2015 to RMB 938.0 million as at 30 September 2016. The increase was mainly due to the following:

- (a) Increase in other receivables, deposits and prepayments of RMB 154.4 million resulting from prepayments made to subcontractors for work done for the BOT project on hand as at 30 September 2016;
- (b) Increase in intangible assets of RMB 298.1 due to service concession arrangements relating to BOT project on hand which construction work has commenced during the 2Q2016.; and
- (c) Increase in land use rights of RMB 26.3 million, which is mainly caused by the extension of the business scale and new BOT project.

The Group's total current liabilities increased by RMB 121.9 million or 8.1% from RMB 1,511.7 million as at 31 December 2015 to RMB 1,633.6 million as at 30 September 2016. The increase was mainly due to an increase in notes payables with recourse of RMB 109.3 million.

Review of the Group's cash flow statement for the third quarter ended 30 September 2016

Net cash generated in operating activities amounted to approximately RMB 156.8 million, primarily due to operating cash flows before movements in working capital of approximately RMB 51.9 million that were derived from:

- (a) Lower working capital requirements due to increase in payables from third parties of RMB 176.7 million and decrease in inventories of RMB 5.8 million respectively;
- (b) Higher working capital requirements arising from increase in trade receivables and other receivables and prepayments of RMB 43.4 million and RMB 15.3 million respectively and decrease in other payables of RMB 13.5 million;
- (c) Interest on bank borrowings and income tax of approximately RMB 6.2 million in aggregate.

Net cash used in investing activities amounted to RMB 222.9 million mainly as a result of the expenditure for BOT, BOO and TOT projects of RMB 211.8 million and purchase of plant and equipment of RMB 10.8 million.

Net cash used in financing activities amounted to RMB 34.0 million due to cash outflow attributable to the repayment of borrowings of RMB 117.0 million, which was offset by the proceeds from new borrowings of RMB 66.0 million and pledged bank deposits of RM 17.0 million.

Use of Proceeds

The net proceeds raised from the placement completed on 30 December 2015 (“Placement Proceeds”) amounted to approximately S\$46.6 million (equivalent to RMB 213.89 million) (after deducting estimated costs and expenses of approximately S\$1.4 million (equivalent to RMB 6.43 million)).

As of 31 July 2016, the Company has utilised RMB 213.72 million (approximately S\$46.56 million) of the Placement Proceeds comprising RMB 170.22 million (approximately S\$37.08 million) for the Changrun Project, RMB 15.00 million (approximately S\$3.27 million) for Quanjiao Project and RMB 28.5 million (approximately S\$6.21 million) for the Lianshui Project.

Project	Use of Placement Proceeds	Amount ⁽¹⁾
Changrun	Registered capital, purchase of land and payment to suppliers in respect of the Changrun Project.	RMB170.22 million (approximately S\$37.08 million)
Lianshui	Registered capital, including purchase of land and payment to suppliers in respect of the Lianshui Project.	RMB28.50 million (approximately S\$6.21 million)
Quanjiao	Registered capital, including purchase of land and payment to suppliers in respect of the Quanjiao Project.	RMB15.00 million (approximately S\$3.27 million)
Total Placement Proceeds utilised		RMB213.72 million (approximately S\$46.56 million)
Balance of Placement Proceeds available for use		RMB0

(1) Based on the exchange rate of RMB4.59:S\$1.

Each of the above utilisation of Placement Proceeds is consistent with the intended use as disclosed in the Company’s circular to shareholders dated 20 November 2015.

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.

In 3Q2016, the Group achieved a 6.7% and 65.4% growth in revenue and net profit attributable to shareholders respectively which are mainly due to the increased EPC revenue from secured centralized steam and electricity BOT projects.

Similar to third quarter 2015 and first half 2016, China's economy has maintained a GDP growth of 6.7% year-on-year in the third quarter of 2016. The growth was attributed to an increase in aggregate demand, supply-side structural reforms and new economic drivers. Although the Chinese economy has managed to achieve considerable growth in 2016, it met with prolonged periods of uncertainty and immense downward pressure throughout the year.

In the midst of maintaining moderate economic growth, the Chinese government has remained vigilant in improving the environment through the implementation of many supporting environmental policies to transform the economic growth strategies and achieve sustainable development in the future. In the 13th Five-Year Plan introduced by the Chinese government, the government aims to reduce factory emissions of tiny harmful particulate matter (PM2.5) by 25%. Other main initiatives of the Five-Year Plan include reduction of emissions from coal burning industries and vehicles and promotion of more efficient and cleaner use of coal.

Leveraging on Chinese government's determination on smog control, the Group will strategically strive to look out for more green investment opportunities. The Group will use its technological advantages, strong R&D to focus on green investment projects with long term recurring income and generate stable and sustainable return. This will enhance the Group's long term earning capacity and shareholders' value.

11. If a decision regarding dividend has been made:

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

None.

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

None.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for the third quarter ended 30 September 2016.

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).

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 financial statements for the third quarter ended 30 September 2016 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rules 720(1).

The Company has obtained undertakings from all directors and executive officers.

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 November 2016