

SUNPOWER GROUP LTD.

Unaudited Financial Statements for the Third Quarter And Nine Months Ended 30 September 2015

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 2015

(RMB'000)	Third quarter ended		% change	Nine months ended		% change
	30 September 2015	30 September 2014		30 September 2015	30 September 2014	
Revenue	349,990	313,994	11.5	918,366	873,309	5.2
Cost of sales	(268,745)	(248,566)	8.1	(711,295)	(671,246)	6.0
Gross profit	81,245	65,428	24.2	207,071	202,063	2.5
Other operating income	5,622	1,271	342.3	12,115	5,238	131.3
Selling and distribution expenses	(12,384)	(9,909)	25.0	(30,406)	(26,565)	14.5
Administrative expenses	(40,272)	(33,040)	21.9	(107,529)	(97,890)	9.8
Other operating expenses	(3,339)	(55)	n.m.	(7,561)	(5,533)	36.7
Finance costs	(4,794)	(6,225)	(23.0)	(17,181)	(20,594)	(16.6)
Profit before income tax	26,078	17,470	49.3	56,509	56,719	(0.4)
Income tax expense	(6,752)	(4,336)	55.7	(12,366)	(12,018)	2.9
Profit for the period	19,326	13,134	47.1	44,143	44,701	(1.2)
Other comprehensive income						
Item that may be reclassified subsequently to profit and loss						
Exchange difference on translation of foreign operation	47	-	n.m.	47	-	n.m.
Total comprehensive income for the period	19,373	13,134	47.5	44,190	44,701	(1.1)
Profit for the period attributable to:						
Equity holders of the Company	18,771	11,549	62.5	44,336	44,939	(1.3)
Non-controlling interest	555	1,585	(65.0)	(193)	(238)	(18.9)
Profit for the financial period	19,326	13,134	47.1	44,143	44,701	(1.2)
Total comprehensive income for the period attributable to:						
Equity holders of the Company	18,818	11,549	63.0	44,383	44,939	(1.2)
Non-controlling interest	555	1,585	(65.0)	(193)	(238)	(18.9)
Profit for the period	19,373	13,134	47.5	44,190	44,701	(1.1)

n.m. – not meaningful

1(a) (ii) Other information:

(RMB'000)	Third quarter ended			Nine months ended		
	30 September 2015	30 September 2014	% change	30 September 2015	30 September 2014	% change
Depreciation expense	7,902	6,229	26.9	19,811	18,234	8.6
Amortisation of land use rights	353	353	-	1,059	1,059	-
Amortisation of intangible assets	607	607	-	1,821	1,967	(7.4)
Impairment allowance on trade and non-trade receivables	2,897	52	n.m.	6,786	5,289	28.3
Reversal of impairment allowance on trade receivables	(1,167)	-	n.m.	(4,770)	-	n.m.
Reversal of allowance on inventories	-	(2,554)	(100.0)	(153)	(1,928)	(92.1)
Loss on disposal of property, plant and equipment	10	9	11.1	150	73	105.5
Interest expense	4,794	6,225	(23.0)	17,181	20,594	(16.6)

Note:

Other operating income comprises:

(RMB'000)	Third quarter ended			Nine months ended		
	30 September 2015	30 September 2014	% change	30 September 2015	30 September 2014	% change
Government grant	301	800	(62.4)	1,315	3,398	(61.3)
Interest income	303	572	(47.0)	1,774	1,245	42.5
Net foreign exchange gain/(loss)	3,622	(196)	n.m.	3,622	5	n.m.
Reversal of impairment allowance on trade receivables	1,167	-	n.m.	4,770	-	n.m.
Others	229	95	141.1	634	590	7.5
Total	5,622	1,271	342.3	12,115	5,238	131.3

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 2015	(Audited) 31 December 2014	(Unaudited) 30 September 2015	(Audited) 31 December 2014
ASSETS				
Current assets:				
Cash and cash equivalents	120,399	110,486	144	5,262
Pledged bank deposits	88,982	72,616	-	-
Trade receivables	1,116,855	1,035,494	-	-
Other receivables, deposits and prepayments	101,520	64,871	9,046	8,989
Inventories	371,042	265,325	-	-
Land use rights	1,411	1,411	-	-
Total current assets	<u>1,800,209</u>	<u>1,550,203</u>	<u>9,190</u>	<u>14,251</u>
Non-current assets:				
Land use rights	46,540	47,599	-	-
Property, plant and equipment	275,130	282,672	-	-
Investment in subsidiaries	-	-	115,153	112,084
Other receivables, deposits and prepayments	17,358	-	40,000	40,000
Intangible assets	6,879	8,700	-	-
Deferred tax assets	10,547	11,065	-	-
Total non-current assets	<u>356,454</u>	<u>350,036</u>	<u>155,153</u>	<u>152,084</u>
Total assets	<u>2,156,663</u>	<u>1,900,239</u>	<u>164,343</u>	<u>166,335</u>
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	876,332	652,233	-	-
Other payables	116,906	126,038	32,281	28,727
Borrowings	404,000	410,994	-	-
Income tax payable	15,565	12,608	-	-
Total current liabilities	<u>1,412,803</u>	<u>1,201,873</u>	<u>32,281</u>	<u>28,727</u>
Non-current liabilities:				
Deferred tax liabilities	<u>3,024</u>	<u>2,824</u>	<u>-</u>	<u>-</u>
Capital and reserves:				
Share capital	31,281	31,281	31,281	31,281
Share premium	75,379	75,379	75,379	75,379
General reserves	54,918	51,642	-	-
Share option reserve	2,903	-	2,903	-
Foreign currency translation reserve	35	(12)	-	-
Accumulated profits	554,515	515,254	22,499	30,948
Equity attributable to equity holders of the Company	<u>719,031</u>	<u>673,544</u>	<u>132,062</u>	<u>137,608</u>
Non-controlling interest	21,805	21,998	-	-
Total equity	<u>740,836</u>	<u>695,542</u>	<u>132,062</u>	<u>137,608</u>
Total liabilities and equity	<u>2,156,663</u>	<u>1,900,239</u>	<u>164,343</u>	<u>166,335</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 2015		As at 31 December 2014	
	Secured	Unsecured	Secured	Unsecured
Borrowings	120,000	284,000	120,892	290,102

Amount repayable after one year

(RMB'000)	As at 30 September 2015		As at 31 December 2014	
	Secured	Unsecured	Secured	Unsecured
Borrowings	-	-	-	-

Details of any collaterals:

<u>Collaterals</u>	30	31
	September	December
	2015	2014
	RMB'000	RMB'000
Bank deposit	50,000	-
Bills payable	-	15,892
Land-use rights and buildings of subsidiaries	70,000	105,000

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 2015

(RMB'000)	Third quarter ended		Nine months ended	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
Operating activities				
Profit before income tax	26,078	17,470	56,509	56,719
Adjustments for:				
Depreciation expense	7,902	6,229	19,811	18,234
Interest expense	4,794	6,225	17,181	20,594
Amortisation of land use rights	353	353	1,059	1,059
Amortisation of intangible assets	607	607	1,821	1,967
Loss on disposal of property, plant and equipment	10	9	150	73
Reversal of allowance on inventories	-	(2,554)	(153)	(1,928)
Interest income	(303)	(572)	(1,774)	(1,245)
Impairment allowance on trade and non-trade receivables	1,730	52	2,016	5,289
Operating cash flows before movements in working capital	41,171	27,819	96,620	100,762
Trade receivables	(110,819)	(39,617)	(83,377)	118,832
Other receivables, deposits and prepayments	(31,343)	(10,988)	(54,007)	(11,918)
Inventories	(98,212)	7,152	(105,564)	(42,619)
Trade payables	186,994	(97,399)	224,099	(140,694)
Other payables	14,919	(19,320)	(4,409)	(30,435)
Cash generated from (used in) operations	2,710	(132,353)	73,362	(6,072)
Income tax paid	(2,600)	(5,687)	(8,691)	(15,436)
Interest received	303	572	1,774	1,245
Interest paid	(4,794)	(6,225)	(17,181)	(21,730)
Net cash (used in) generated from operating activities	(4,381)	(143,693)	49,264	(41,993)
Investing activities				
Purchase of property, plant and equipment	(2,082)	(2,209)	(14,422)	(48,482)
Payment for land use rights acquired in 2013	-	-	-	(8,098)
Proceeds from disposal of property, plant and equipment	109	30	183	81
Net cash used in investing activities	(1,973)	(2,179)	(14,239)	(56,499)
Financing activities				
Proceeds from new borrowings	44,686	109,957	336,000	338,933
Proceeds of share issuance	-	-	-	44,155
Repayment of borrowings	(42,261)	(70,395)	(342,994)	(336,120)
Pledged bank deposits	(29,591)	194	(16,366)	9,649
Payment of dividend	-	-	(1,799)	(1,643)
Net cash (used in) generated from financing activities	(27,166)	39,756	(25,159)	54,974
Net (decrease) increase in cash and cash equivalents	(33,520)	(106,116)	9,866	(43,518)
Cash and cash equivalents at beginning of period	153,872	181,396	110,486	118,798
Effects of foreign exchange rate changes	47	-	47	-
Cash and cash equivalents at end of period	120,399	75,280	120,399	75,280

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>	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 January 2014	27,230	35,275	46,567	-	-	465,888	574,960	21,819	596,779
Profit for January to March 2014, representing total comprehensive income for the period	-	-	-	-	-	11,439	11,439	(840)	10,599
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserves	-	-	1,565	-	-	(1,565)	-	-	-
Balance at 31 March 2014	27,230	35,275	48,132	-	-	475,762	586,399	20,979	607,378
Total comprehensive income for April to June 2014									
Profit for April to June 2014, representing total comprehensive income for the period	-	-	-	-	-	21,951	21,951	(983)	20,968
<u>Transactions with owners, recognised directly in equity</u>									
Ordinary shares issued	4,051	40,104	-	-	-	-	44,155	-	44,155
Dividend paid	-	-	-	-	-	(1,643)	(1,643)	-	(1,643)
Transfer to general reserves	-	-	2,722	-	-	(2,722)	-	-	-
Total	4,051	40,104	2,722	-	-	(4,365)	42,512	-	42,512
Balance at 30 June 2014	31,281	75,379	50,854	-	-	493,348	650,862	19,996	670,858

<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 2014	31,281	75,379	50,854	-	-	493,348	650,862	19,996	670,858
Total comprehensive income for July to September 2014									
Profit for July to September 2014, representing total comprehensive income for the period	-	-	-	-	-	11,549	11,549	1,585	13,134
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	303	-	-	(303)	-	-	-
Balance at 30 September 2014	31,281	75,379	51,157	-	-	504,594	662,411	21,581	683,992
Total comprehensive income for October to December 2014									
Profit for October to December 2014, representing total comprehensive income for the period	-	-	-	-	(12)	11,145	11,133	417	11,550
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	485	-	-	(485)	-	-	-
Balance at 31 December 2014	31,281	75,379	51,642	-	(12)	515,254	673,544	21,998	695,542

<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 January 2015	31,281	75,379	51,642	-	(12)	515,254	673,544	21,998	695,542
Total comprehensive income for January to March 2015									
Profit for January to March 2015	-	-	-	-	-	10,397	10,397	(783)	9,614
Other comprehensive income for January to March 2015	-	-	-	-	8	-	8	-	8
<u>Transactions with owners recognised directly in equity</u>									
Transfer to general reserve	-	-	620	-	-	(620)	-	-	-
Balance at 31 March 2015	31,281	75,379	52,262	-	(4)	525,031	683,949	21,215	705,164
Total comprehensive income for April to June 2015									
Profit for April to June 2015	-	-	-	-	-	15,168	15,168	35	15,203
Other comprehensive loss 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>									
Transfer to general reserve	-	-	768	-	-	(768)	-	-	-
Dividend paid	-	-	-	-	-	(1,799)	(1,799)	-	(1,799)
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
Total comprehensive income for July to September 2015									
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 reserve	-	-	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>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 2014	27,230	35,275	-	36,700	99,205	99,205
Loss for the period, representing total comprehensive loss for January to March 2014	-	-	-	(2,469)	(2,469)	(2,469)
Balance at 31 March 2014	27,230	35,275	-	34,231	96,736	96,736
Loss for the period, representing total comprehensive loss for April to June 2014	-	-	-	(3,371)	(3,371)	(3,371)
<u>Transactions with owners, recognised directly in equity</u>						
Ordinary shares issued	4,051	40,104	-	-	44,155	44,155
Dividends paid	-	-	-	(1,643)	(1,643)	(1,643)
Total	4,051	40,104	-	(1,643)	42,512	42,512
Balance at 30 June 2014	31,281	75,379	-	29,217	135,877	135,877
Profit for the period, representing total comprehensive income for July to September 2014	-	-	-	(1,526)	(1,526)	(1,526)
Balance at 30 September 2014	31,281	75,379	-	27,691	134,351	134,351
Profit for the period, representing total comprehensive income for October to December 2014	-	-	-	3,257	3,257	3,257
Balance at 31 December 2014	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, recognized directly in equity</u>						
Employee share option expenses	-	-	909	-	909	909
Dividends paid	-	-	-	(1,799)	(1,799)	(1,799)
Total	-	-	909	(1,799)	(890)	(809)
Balance at 30 June 2015	31,281	75,379	909	25,177	132,746	132,746

<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>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 July 2015	31,281	75,379	909	25,177	132,746	132,746
Loss for the period, representing total comprehensive loss for July to September 2015	-	-	-	(2,678)	(2,678)	(2,678)
<u>Transactions with owners, recognized directly in equity</u>						
Employee share option expenses	-	-	1,994	-	1,994	1,994
Balance at 30 September 2015	<u>31,281</u>	<u>75,379</u>	<u>2,903</u>	<u>22,499</u>	<u>132,062</u>	<u>132,062</u>

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.

There was no change in share capital during the nine months ended 30 September 2015.

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 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 September 2015.

There were no outstanding convertibles or treasury shares held as at 30 September 2015, 31 December 2014 and 30 September 2014.

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 2015, 31 December 2014 and 30 September 2014 is 394,800,000 ordinary shares.

There were no shares held as treasury shares as at 30 September 2015, 31 December 2014 and 30 September 2014.

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 Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2015. The adoption of the new/revised FRSs, INT FRSs and amendments to FRSs has no material effect on the financial statements.

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 2015	30 September 2014	30 September 2015	30 September 2014
Net profit attributable to equity holders of the Group (RMB'000)	18,771	11,549	44,383	44,939
Weighted average number of ordinary shares outstanding ('000)	394,800	394,800	394,800	363,110
Earnings per share – basic (RMB cents)	4.75	2.93	11.24	12.38

Basic earnings per share for third quarter and nine months ended 30 September 2015 and 30 September 2014 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 2015	30 September 2014	30 September 2015	30 September 2014
Net profit attributable to equity holders of the Group (RMB'000)	18,771	11,549	44,383	44,939
Weighted average number of ordinary shares outstanding ('000)	454,020	394,800	416,099	363,110
Earnings per share – diluted (RMB cents)	4.13	2.93	10.67	12.38

Diluted earnings per share for the above periods have been calculated assuming the share options granted have been exercised during 3Q2015.

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 2015	31 December 2014	30 September 2015	31 December 2014
Net asset value per share (RMB cents)	182.13	170.60	33.45	34.86

The net asset value per share for 30 September 2015 and 31 December 2014 has been computed based on shareholder's equity as at these dates and the existing share capital of 394,800,000 ordinary shares.

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 2015 ("3Q2015") as compared to that of the third quarter ended 30 September 2014 ("3Q2014")

Revenue

The Group's revenue increased by approximately RMB 36.0 million or 11.5% from RMB 314.0 million in 3Q2014 to RMB 350.0 million in 3Q2015. The increase was attributed to an increase of RMB 47.8 million from Energy Saving and Environmental Protection Systems segment which was offset by an aggregate decrease of RMB 11.8 million from the Pipe Supports segment, the Heat Exchangers and Pressure Vessels segment and the Heat Pipes and Heat Pipe Exchangers segment.

Gross Profit

Gross profit increased by approximately RMB 15.8 million or 24.2 % from RMB 65.4 million 3Q2014 to RMB 81.2 million in 3Q2015. Gross profit margin increased from 20.8% for 3Q2014 to 23.2% for 3Q2015 mainly due to higher gross margin achieved by the Heat Exchangers and Pressure Vessels segment.

Profit before Income Tax

The Group's profit before tax increased by RMB 8.6 million or 49.3% from RMB 17.5 million in 3Q2014 to RMB 26.1 million in 3Q2015. The increase was mainly attributable to the following factors:

- a) Increase in the gross profit of approximately RMB 15.8 million;
- b) Increase in other operating income of RMB 4.4 million mainly due to the reversal of impairment allowance on trade receivables of RMB 1.2 million and foreign exchange gain of RMB 3.6 million which outweighed a decrease in government grant of RMB 0.5 million;
- c) Decrease in finance costs of RMB 1.4 million due to lesser borrowings and lower interest rate.

The above factors were offset by:

- a) Higher selling and distribution expenses of approximately RMB 2.5 million due to an increase in salaries and staff benefits of RMB 2.7 million as a result of additional personnel recruited to fulfil the Group's business growth ;
- b) Increased administrative expenses of RMB 7.2 million due mainly to increased staff benefits of RMB 5.2 million; and
- c) Increase in other operating expenses of approximately RMB 3.3 million mainly due to the increase in impairment allowance of trade receivables of RMB 2.9 million provided in 3Q2015.

Income Tax Expense

The Group's effective income tax rate remained stable at approximately 25.9% and 24.8% respectively for 3Q2015 and 3Q2014.

Profit for the Financial Period

In respect of the above, the Group's net profit attributable to the shareholders increased by RMB 7.2 million or 62.5% from RMB 11.5 million in 3Q2014 to RMB 18.8 million in 3Q2015.

- (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 increased by RMB 250.0 million or 16.1% from RMB 1,550.2 million as at 31 December 2014 to RMB 1,800.2 million as at 30 September 2015 mainly due to the effects of the following:

- (a) Increase in cash and cash equivalents and pledged bank deposits of approximately RMB 26.3 million in aggregate;
- (b) Increase in trade receivables of RMB 81.4 million arising from higher revenue achieved in 3Q2015; approximately 48.7% and 5.19% of the trade receivables at 31 December 2014 and 30 September 2015 respectively were collected as at 31 October 2015. 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
- (c) Increase in other receivables, deposits and prepayments of RMB 36.6 million comprised largely the advance payment for purchases; and
- (d) Increase in inventories of RMB 105.7 million due mainly to increased work-in-progress inventories to fulfil the sale orders on hands.

The Group's total current liabilities increased by RMB 210.9 million or 17.6% from RMB 1,201.9 million as at 31 December 2014 to RMB 1,412.8 million as at 30 September 2015. The increase was mainly due to the following:

- (a) Increase in trade payables of RMB 224.1 million due largely to increase in trade payables to third parties; which was offset by
- (b) Decrease in other payables of RMB 9.1 million arising mainly from the decrease in accruals for payroll and value-added tax of RMB 25.3 million in aggregate which offset the increase in other accruals of RMB 12.8 million; and
- (c) Decrease in borrowings of RMB 7.0 million due to the repayments made during the period under review.

Review of the Group's cash flow statement for the third quarter ended 30 September 2015

Net cash used in operating activities amounted to approximately RMB 4.4 million, primarily due to operating cash flows before movements in working capital of approximately RMB 41.2 million that were derived from:

- (a) Higher working capital requirements arising from increase in trade receivables, other receivables and inventories of RMB 240.4 million in aggregate;
- (b) Lower working capital requirements due to increase in trade payables and other payables of RMB 201.9 million;
- (c) Payment for interest and income tax of approximately RMB 7.4 million in aggregate.

Net cash used in investing activities amounted to RMB 2.0 million mainly resulted from the purchase of property, plant and equipment.

Net cash used in financing activities amounted to RMB 27.2 million due to cash outflow attributable to the repayment of borrowings of RMB 42.3 million and pledged bank deposits of RMB 29.6 million, which was offset by the proceeds from new borrowings of RMB 44.7 million.

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 forecast, or a 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 achieved a 11.5% and 62.5% growth in revenue and net profit attributable to shareholders respectively in 3Q2015. Despite the growth, the world economy is still in a downward trend and recovers slowly with lesser demand. Facing the increasing downward pressure and uncertainty of domestic and international economy, PRC's GDP growth declined by 6.8% in 3Q2015, as compared to 7.0% in 2Q2015. The world's economy remains uncertain for the rest of the year, posing challenges to the Group's business.

The PRC government has issued many environmental policies to transform the economic growth strategies to achieve sustainable development in the future. This is expected to bring more business opportunities for the energy-saving and environmental protection industry.

The Group will continue to strengthen its expansion and investment in the clean energy industry with the Build-Own-Operate ("BOO"), Build-Operate-Transfer ("BOT") or Transfer-Operate-Transfer ("TOT") model and other services to meet the Group's long-term development strategy.

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 2015.

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 2015 to be false or misleading in any material aspect.

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

Guo Hong Xin
Executive Chairman

Ma Ming
Executive Director

BY ORDER OF THE BOARD

Guo Hong Xin
Executive Chairman

11 November 2015