

SUNPOWER GROUP LTD.

(Company Registration No. 35230)

The board of directors (the "Board") of Sunpower Group Ltd. (the "Company") refers to its unaudited financial statements for the first quarter ended 31 March 2017 made on 12 May 2017 via the SGXNET ("1Q2017 Results") and the announcements on 14 December 2016, 9 February 2017, 13 February 2017, 1 March 2017 and 3 March 2017, and the Circular to Shareholders dated 13 February 2017 relating to, inter alia, the Convertible Bonds Issue.

Pursuant to Rule 703 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Company wishes to announce that subsequent to the release of the 1Q2017 Results, there has been certain adjustments to the 1Q2017 which the management of the Company has adopted accordingly.

FINANCIAL HIGHLIGHTS OF 1Q2017 BEFORE FAIR VALUE CHARGE AND OTHER FINANCIAL EFFECTS FROM CONVERTIBLE BONDS

- Revenue increased 17.8% to RMB343.2 million year-on-year,
- Gross profit increased 23.3% to RMB86.7 million year-on-year
- Net profit attributable to equity holders of the Company (excluding the impact of convertible bonds) increased 89.7% to RMB30.4 million year-on-year
- Basic earnings per share (excluding the impact of convertible bonds) of RMB4.12
- Equity attributable to equity holders of the Company (excluding the impact of convertible bonds) of RMB1.15 billion

The details of the material variances in respect of the fair value charge and other related effects arising from the accounting treatment of the Convertible Bonds are set out below.

(RMB'000)	Revised 1Q2017 Results	1Q2017 Results announced on 12 May 2017	Variance	%
Consolidated statement of profit or loss				
Finance costs	(10,616)	(10,081)*	(535)	(5.3)
Fair value loss on Convertible Bonds	(105,036)	-	(105,036)	n.m
Administrative expenses (arising from exchange loss relating to the convertible bonds denominated in USD)	(43,225)	(39,644)	(3,581)	(9.0)
Net profit/(loss) attributable to equity holders of the Company	(83,498)	25,654*	(109,152)	n.m
Consolidated group statements of financial position				
Liabilities				
Other payables	147,292	150,580	(3,288)	(2.2)
Convertible Bonds	844,224	731,784	112,440	15.4
Equity				
Accumulated profits/(losses)	626,972	736,124	(109,152)	(14.8)
Total equity	1,062,363	1,171,515	(109,152)	(9.3)

**Note: The 1Q2017 financial results announced on 12 May 2017 has accrued RMB4,743K finance costs for convertible bonds. If this financial effect is excluded, net profit attributable to equity holders of the Company is RMB30,397K.*

The above mentioned fair value charge is an accounting charge arising from the compliance with the Singapore Financial Reporting Standards and has no cash flow effect and no financial impact on the performance targets in relation to the Convertible Bonds.

The proceeds from the Convertible Bonds allow the Group to leverage on the Group's technological advantages and high-quality customer base to achieve stable performance and consistent growth. Moving forward, supported by a steady inflow of contracts, the Group is hopeful of consistent and positive contributions from the Green Investment business segment.

Attached below are the annexes to reflect the variances stated above.

Annex

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS

1(a) 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.

REVISED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2017

(RMB'000)	First quarter ended		% change
	31 March 2017	31 March 2016	
Revenue	343,151	291,389	17.8
Cost of sales	(256,461)	(221,076)	16.0
Gross profit	86,690	70,313	23.3
Other operating income	5,557	7,304	(23.9)
Selling and distribution expenses	(8,852)	(8,298)	6.7
Administrative expenses	(43,225)	(41,204)	4.9
Other operating expenses	(765)	(3,010)	(74.6)
Finance costs	(10,616)	(5,670)	87.2
Fair value loss on Convertible Bonds	(105,036)	-	n.m
Profit/(Loss) before income tax	(76,247)	19,435	n.m
Income tax expense	(7,066)	(4,181)	69.0
Profit/(Loss) for the period	(83,313)	15,254	n.m
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translation of foreign operation	(15)	17	(188.2)
Total comprehensive income/(loss) for the period	(83,328)	15,271	n.m
Profit/(Loss) for the period attributable to:			
Equity holders of the Company	(83,498)	16,020	n.m
Non-controlling interest	185	(766)	124.2
Profit/(Loss) for the period	(83,313)	15,254	n.m
Total comprehensive income/(loss) for the period attributable to:			
Equity holders of the Company	(83,513)	16,037	n.m
Non-controlling interest	185	(766)	124.2
Profit/(Loss) for the period	(83,328)	15,271	n.m

1(b) 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.

REVISED UNAUDITED STATEMENTS OF FINANCIAL POSITION

(RMB'000)	Group		Company	
	(Unaudited) 31 March 2017	(Audited) 31 December 2016	(Unaudited) 31 March 2017	(Audited) 31 December 2016
ASSETS				
Current assets:				
Cash and cash equivalents	1,234,302	281,277	130,992	3,522
Pledged bank deposits	113,564	69,218	-	-
Trade receivables	956,478	1,018,281	-	-
Other receivables, deposits and prepayments	138,701	117,650	14,762	14,764
Inventories	245,051	209,769	-	-
Land use rights	3,748	3,748	-	-
Total current assets	<u>2,691,844</u>	<u>1,699,943</u>	<u>145,754</u>	<u>18,286</u>
Non-current assets:				
Land use rights	168,615	170,466	-	-
Property, plant and equipment	250,413	250,208	-	-
Other receivables, deposits and prepayments	13,329	8,535	10,000	20,000
Available-for-sale investment	9,782	-	-	-
Subsidiaries	-	-	943,948	325,476
Intangible assets	765,460	635,369	-	-
Goodwill	5,483	5,483	-	-
Deferred tax assets	12,888	13,227	-	-
Total non-current assets	<u>1,225,970</u>	<u>1,083,288</u>	<u>953,948</u>	<u>345,476</u>
Total assets	<u>3,917,814</u>	<u>2,783,231</u>	<u>1,099,702</u>	<u>363,762</u>
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	862,246	846,801	-	-
Other payables	147,292	187,681	45,389	38,684
Borrowings	270,500	401,000	-	-
Income tax payable	27,104	30,894	-	-
Total current liabilities	<u>1,307,142</u>	<u>1,466,376</u>	<u>45,389</u>	<u>38,684</u>
Non-current liabilities:				
Deferred tax liabilities	17,085	16,120	-	-
Borrowings	687,000	157,000	-	-
Convertible bonds	844,224	-	844,224	-
Total non-current liabilities	<u>1,548,309</u>	<u>173,120</u>	<u>844,224</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 reserve	74,014	70,508	-	-
Share option reserve	14,784	12,828	14,784	12,828
Foreign currency translation reserve	246	261	-	-
Accumulated profits/(losses)	626,972	713,976	(125,164)	(8,219)
Equity attributable to equity holders of the Company	1,036,485	1,118,042	210,089	325,078
Non-controlling interest	25,878	25,693	-	-
Total equity	<u>1,062,363</u>	<u>1,143,735</u>	<u>210,089</u>	<u>325,078</u>
Total liabilities and equity	<u>3,917,814</u>	<u>2,783,231</u>	<u>1,099,702</u>	<u>363,762</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.

REVISED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

RMB'000	First quarter ended	
	31 March 2017 (Unaudited)	31 March 2016 (Unaudited)
Operating activities		
Profit/(Loss) before income tax	(76,247)	19,435
Adjustments for:		
Depreciation expense	7,171	8,391
Interest expense	10,616	5,670
Exchange loss on Convertible Bonds	3,581	
Amortisation of land use rights	568	353
Amortisation of intangible assets	245	245
Interest income	(902)	(274)
Reversal of impairment allowance on trade and non-trade receivables – net of reversals	(1,900)	(3,042)
Fair value loss on Convertible Bonds	105,036	-
Share option expense	1,956	1,983
Gain on disposal of plant and equipment -net	(1)	-
Operating cash flows before movements in working capital	50,123	32,761
Trade receivables	53,921	(86,416)
Other receivables and prepayments	(21,051)	(15,200)
Inventories	(35,282)	20,742
Trade payables	15,445	83,307
Other payables	(41,844)	(27,550)
Cash generated from operations	21,312	7,644
Income tax paid	(9,552)	(7,670)
Interest received	902	274
Interest paid	(5,338)	(5,670)
Net cash generated from (used in) operating activities	7,324	(5,422)
Investing activities		
Prepayments for Build-Operate-Transfer (“BOT”) projects	(4,794)	(54,931)
Purchase of property, plant and equipment	(7,495)	(12,061)
Payments for land use rights acquired	-	(13,027)
Acquisition of intangible assets	(129,053)	(39,929)
Proceeds from disposal of property, plant and equipment	120	-
Net cash used in investing activities	(141,222)	(119,948)
Financing activities		
Proceeds from new borrowings	603,000	245,000
Proceeds from Convertible Bonds	731,784	-
Pledged bank deposits	(44,346)	15,552
Payments of dividend	-	-
Repayment of borrowings	(203,500)	(225,000)
Net cash generated from financing activities	1,086,938	35,552
Net increase (decrease) in cash and cash equivalents	953,040	(89,818)
Cash and cash equivalents at beginning of year	281,277	397,527
Effects of foreign exchange rate changes	(15)	17
Cash and cash equivalents at end of the period	1,234,302	307,726

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

(A) REVISED UNAUDITED STATEMENT OF EQUITY FOR THE GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2017

<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 January 2017	53,531	266,938	70,508	12,828	261	713,976	1,118,042	25,693	1,143,735
<u>Total comprehensive income for January to March 2017</u>									
Profit/ (Losses) for January to March 2017	-	-	-	-	-	(83,498)	(83,498)	185	(83,313)
Other comprehensive losses for January to March 2017	-	-	-	-	(15)	-	(15)	-	(15)
Total	-	-	-	-	(15)	(83,498)	(83,513)	185	(83,328)
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	3,506	-	-	(3,506)	-	-	-
Share option expenses	-	-	-	1,956	-	-	1,956	-	1,956
Total	-	-	3,506	1,956	-	(3,506)	1,956	-	1,956
Balance at 31 March 2017	53,531	266,938	74,014	14,784	246	626,972	1,036,485	25,878	1,062,363

(B) REVISED UNAUDITED STATEMENT OF EQUITY FOR THE COMPANY FOR THE FIRST QUARTER ENDED 31 MARCH 2017

<u>Company</u>	<u>Share capital</u> RMB'000	<u>Share premium</u> RMB'000	<u>Share option reserve</u> RMB'000	<u>Accumulated profits/(loss)</u> RMB'000	<u>Equity attributable to equity holders of the Company</u> RMB'000	<u>Total</u> RMB'000
Balance at 1 January 2017	53,531	266,938	12,828	(8,219)	325,078	325,078
Loss for the period, representing total comprehensive loss for January to March 2017	-	-	-	(116,945)	(116,945)	(116,945)
<u>Transactions with owners, recognised directly in equity</u>						
Employee share option expenses	-	-	1,956	-	1,956	1,956
Total	-	-	1,956	-	1,956	1,956
Balance at 31 March 2017	53,531	266,938	14,784	(125,164)	210,089	210,089

2. Financial Review

(a) Analysis of profit excluding financial effects of the Convertible Bonds

RMB'000	First Quarter ended		%
	31 March 2017	31 March 2016	
Net profit/(loss) attributable to equity holders of the Group	(83,498)	16,020	n.m.
Add:			
Fair value loss on Convertible Bonds	105,036	-	n.m.
Exchange loss on Convertible Bonds	3,581	-	n.m.
Interest expenses on Convertible Bonds	5,278	-	n.m.
Adjusted net profit attributable to equity holders of the Group	30,397	16,020	89.7%

If the effects of Convertible Bonds were eliminated, profit attributable to the shareholders of the Group's business would show an increase of 89.7% to RMB30.4 million.

(b) Based on the weighted average number of ordinary shares on issue excluding financial effects of the Convertible Bonds

	First Quarter ended	
	31 March 2017	31 March 2016
Net profit attributable to equity holders of the Group (RMB'000)	30,397	16,020
Weighted average number of ordinary shares outstanding ('000)	737,657	737,657
Earnings per share – basic (RMB cent)	4.12	2.17

Basic earnings per share for the first quarter ended 31 March 2017 and 31 March 2016 have been calculated based on the issued share capital of 737,657,142 ordinary shares.

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

30 June 2017