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**For Immediate Release**

**Sunpower recorded 89.7% increase in profit attributable to shareholders to RMB30.4 million for 1Q2017 before adjustment for fair value charge from convertible bonds**

- Revenue grew 17.8% yoy mainly due to higher revenue contribution from Environmental Equipment Manufacturing (EEM) segment
- Gross profit margin improved from 24.1% for 1Q2016 to 25.3% for 1Q2017
- Increase efforts in expanding business in the centralised steam/electricity and clean energy industry
- Certain adjustments to the 1Q2017 results which the management of the Group has put through in the revised 1Q2017 results due to the accounting treatment for convertible bonds as required by the Singapore Financial Reporting Standards.

**Singapore, on 12 May 2017** - Mainboard-listed Sunpower Group Ltd. (“中圣集团”, “Sunpower” or “the Group”), a China-based heat transfer technology specialist engaged in the design, R&D and manufacture of energy-efficient and environmental protection equipment for diverse industries, reported growth in both its top and bottom line for the 3 months ended 31 March 2017 (“1Q2017”) before the fair value charge and other related effects from adopting the accounting treatment for the convertible bonds as required by the Singapore Financial Reporting Standards as described below. The fair value charge does not affect the Group’s cash flows and has no impact on the performance targets set out in the convertible bonds agreement with the investor.

On **30 June 2017**, the Group wishes to announce that subsequent to the release of the 1Q2017 Results, there have been certain adjustments to the 1Q2017 results which the management of the Group has adopted accordingly.

Revenue grew 17.8% year-on-year (“yoy”) to RMB343.2 million while profit attributable to shareholders surged 89.7% yoy to RMB30.4 million for 1Q2017.

### Financial highlights before fair value charge and other related effects from accounting for convertible bonds

RMB 'Million	1Q2017	1Q2016	YoY % Change
<b>Revenue</b>	343.2	291.4	17.8
<b>Gross profit</b>	86.7	70.3	23.3
<b>Gross profit margin</b>	25.3%	24.1%	1.2pp
<b>Profit attributable to shareholders</b>	30.4	16.0	89.7
<b>PATMI margin</b>	8.9%	5.5%	3.4pp
<b>Earnings per share (RMB cents) **</b>	4.12	2.17	89.9

pp: percentage points

\*\* Calculated based on the issued share capital of 737,657,142 ordinary shares for 1Q2017 and 1Q2016.

The Group's revenue increased by 17.8% from RMB291.4 million for 1Q2016 to RMB343.2 million for 1Q2017, mainly due to the increase in revenue contribution from the Environmental Equipment Manufacturing (EEM) segment of RMB110.3 million which was partially offset by a decrease in revenue contribution from Engineering Procurement and Construction (EPC) Integrated Solutions segment of RMB58.6 million.

Gross profit increased by approximately 23.3% from RMB70.3 million for 1Q2016 to RMB86.7 million for 1Q2017. Gross profit margin improved from 24.1% in 1Q2016 to 25.3% in 1Q2017.

Other operating expenses decreased by RMB2.2 million, mainly due to decrease in impairment allowance on trade and non-trade receivables of RMB2.2 million.

As a result, the Group's net profit attributed to shareholders surged by 89.7% from RMB16.0 million for 1Q2016 to RMB30.4 million for 1Q2017.

Net cash generated from operating activities amounted to approximately RMB7.4 million for 1Q2017 mainly due to movements in working capital. Working capital changes were mainly derived from increase in other receivables and prepayments, inventories and trade payables and decrease in trade receivables and other payables.

## Financial highlights after fair value charge and other related effects from accounting for convertible bonds

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	%
<b>Consolidated statement of profit or loss</b>				
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
<b>Consolidated group statements of financial position</b>				
<u>Liabilities</u>				
Other payables	147,292	150,580	(3,288)	(2.2)
Convertible Bonds	844,224	731,784	112,440	15.4
<u>Equity</u>				
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.

### **Outlook**

The GDP of China grew 6.9% in the first quarter of 2017, supported by a surge in industrial activity, property investment and credit growth. This marked its fastest growth since the third quarter of 2015<sup>1</sup>.

Mr. Guo Hongxin, Chairman of the Sunpower Group comments, **“The success of the strategies that we have adopted is reflected in the stellar performance of the Group for**

<sup>1</sup> Chinese economy grows 6.9% in first quarter, <https://www.ft.com/content/cca9dd28-20de-11e7-a454-ab04428977f9>



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**the quarter. This also demonstrates the resilience of our business amid the challenging economy.**

**The Group will also tap into the market opportunities as a result of positive policies in the environmental protection industry introduced by the government. Moving ahead, the Group will continue to increase efforts in expanding our business in the centralised steam/electricity and clean energy industry to generate higher EPC income and long-term recurring income from BOO, BOT and TOT business models.”**

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### **About Sunpower Group Limited**

PRC-based Sunpower Group Ltd. is a one-stop solution provider for energy conservation, waste-to-energy and renewable energy projects which specialise in the design, R&D and manufacture of energy conservation products in China. Its main businesses include environmental equipment manufacturing, EPC Integrated Solutions (flare-gas recovery system, Zero Liquid Discharge (“ZLD”) system, photovoltaic power generation and petrochemical engineering) and Green investments with Build-Operate-Transfer (“BOT”)/Transfer-Operate-Transfer (“TOT”)/Build-Operate-Own (“BOO”) models (centralized steam and electricity). Sunpower has a strong customer base which includes well-known international customers such as BASF, BP, Shell, SABIC, Dow Chemical, Alcoa and Mobil, and Chinese conglomerates such as China Petrochemical Corporation (“Sinopec”), China National Petroleum Corporation (“CNPC”), China National Offshore Oil Corporation (“CNOOC”) and China Shenhua.

For more information, please refer to: <http://sunpower.com.cn/>.

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**Issued for and on behalf of Sunpower Group Ltd  
By Financial PR Pte Ltd**

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