

For Immediate Release

Sunpower Announced Third Quarter 2017 Results

- Revenue for the third quarter was RMB407.2 million, an increase of 9.0% year-on-year.
- Net profit attributable to shareholders with financial effects of CB for the third quarter and the nine months ended was RMB170.9 million and RMB119.4 million, respectively.
- Over RMB629.5 million orders in EEM and EPC segments were secured in 9M2017.
- The existing projects in the GI segment are expected to bring in additional stream of revenue and generate recurring income as anticipated in 4Q2017 and beyond.

Singapore, 13 November 2017- Mainboard-listed Sunpower Group Ltd. (“中聖集團”, “Sunpower” or “the Group”), a China-based company focusing on Green Investments for anti-pollution with its own core technologies of high efficient heat transfer, energy savings and ultra-low emissions, today announced its third quarter 2017 results.

Financial highlights for the third quarter and the nine months ended

RMB' million	Actual (with financial effects of CB)				Actual (without financial effects of CB)			
	3Q2017	3Q2016	1-3Q2017	1-3Q2016	3Q2017	3Q2016	1-3Q2017	1-3Q2016
Revenue	407.2	373.5	1,126.3	1,057.5	407.2	373.5	1,126.3	1,057.5
Gross profit	88.0	93.3	259.4	266.0	88.0	93.3	259.4	266.0
Gross profit margin	21.6%	25.0%	23.0%	25.2%	21.6%	25.0%	25.2%	25.2%
Profit before income tax	176.9	37.0	135.7	110.6	21.0	37.0	80.0	110.6
Profit attributable to shareholders	170.9	31.0	119.4	87.5	15.1	31.0	63.6	87.5
PATMI margin	42.0%	8.3%	10.6%	8.3%	3.7%	8.3%	5.7%	8.3%
Basic earnings per share ⁽¹⁾ (RMB cents)	23.17	4.21	16.19	11.86	2.04	4.21	8.63	11.86

Note: (1) Calculated based on weighted average of 737,657,142 ordinary shares for 3Q2017, 1-3Q2017, 3Q2016 and 1-3Q2016.

The Group's revenue increased by 9.3% to RMB407.2 million from RMB373.5 million in the third quarter of 2016. The year-on-year increase in revenue was primarily attributable to the increase in revenue contribution from Environmental Equipment Manufacturing (“EEM”) segment of RMB58.2 million.

Gross profit was RMB88.0 million, a decrease of 5.7% compared with gross profit of RMB93.3 million in the third quarter of 2016. Gross profit margin decreased to 21.6% for the third quarter of 2017 from 25.0% for the third quarter of 2016. The year-on-year decrease in gross profit margin was mainly due to the decrease of revenue contribution from EPC integrated solutions segment.

The Group recorded a foreign exchange loss of RMB11.34 million in the third quarter of 2017 and RMB22.15 million in the nine-month period ended 30 September, 2017 on a basis without financial effects of CB. The foreign exchange loss arose from the foreign exchange translation loss as a result of US Dollars depreciation in the third quarter of 2017 and in nine-month period ended 30 September, 2017 as unutilized portion of the Convertible Bonds (issued on 3 March 2017 is denominated in US Dollar) and kept in US Dollars in the banks.

Profit before tax with financial effects of CB was RMB170.9 million, an increase of RMB139.8 million from RMB37.0 million in the third quarter of 2016. The significant increase was mainly because of the fair value gain on CB of RMB158.5 million recorded in the third quarter of 2017.

As a result, the Group's net profit attributed to shareholders with financial effects of CB for the third quarter of 2017 surged to RMB170.9 million from RMB31.0 million for the third quarter of 2016, representing a significant increase of 450.5%.

Net cash used in operating activities amounted to approximately RMB43.2 million for the third quarter of 2017, primarily due to movements in working capital. Working capital changes were mainly derived from increase in trade receivables, other receivables, prepayments, inventories, trade payables and other payables.

Outlook

Mr. Guo Hongxin, Chairman of Sunpower Group commented, "Our continuous efforts in GI segment are expected to come into fruition soon, which are expected to provide us with additional stream of revenue and generate recurring income as anticipated once operational in the fourth quarter of this year and beyond."

Moreover, in line with the Group's GI expansion strategy, we announced the growth of GI projects portfolio with the addition of Shandong Yangguang Engineering Design Institute, Qingdao Xinyuan Thermal Power and Xintai Zhengda Thermoelectric."

In accordance with the Action Plan for Comprehensive Control of Air Pollution for the year 2017 and 2018 (the "Action Plan") enacted by the Chinese government, the Action Plan clearly stated the goal of air pollution control that the average concentration of PM2.5 and the days with heavy pollution should be reduced by no less than 15% on a year-on-year basis.

Furthermore, the Environmental Protection Tax Law will come into force in January 2018, creating positive impact in the environmental protection industry in China.

Mr. Guo continued, "As a professional environment protection services provider, we will continue to proactively participate and contribute our own efforts to combat air pollution through providing diverse solutions and innovative products."

"For the EEM and EPC segments, they remained the primary contributors for our revenue and income in the third quarter due to the confidence of our global customers in our technology strength, superior quality of products and services. In addition, we also made progress in developing new customers and increasing our market presence in emerging markets."

"Leveraging on the market opportunities present in the environmental protection industry as a result of positive policies introduced by the government, the Group is well-poised to ride on the favourable trend. Moving ahead, the Group will remain focused on strengthening our overall businesses in three segments, particularly in the GI segment so as to bring in additional stream of revenue and improve shareholders' value over the long haul."

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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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