

**For Immediate Release**

## Sunpower's 3Q2014 net profit to shareholders increased 60.3% yoy to RMB11.5 million

- Revenue grew 14.5% yoy on higher sales of Heat Exchangers and Pressure Vessels products
- Group to enhance its research and development for water treatment technology to capture the growing market in China

Singapore, 12 November 2014 – Mainboard-listed Sunpower Group Ltd. (“中聖集團”, “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 third quarter ended 30 September 2014 (“3Q2014”). Revenue increased 14.5% year-on-year (“yoy”) to RMB314.0 million while net profit increased 60.3% yoy to RMB11.5 million for 3Q2014.

**Financial Highlights**

RMB 'Million	3Q2014	3Q2013	YoY % Change	9M2014	9M2013	YoY % Change
<b>Revenue</b>	314.0	274.3	14.5	873.3	735.6	18.7
<b>Gross profit</b>	65.4	64.3	1.8	202.1	181.9	11.1
<b>Gross profit margin</b>	20.8	23.4	(2.6) pp	23.1	24.7	(1.6) pp
<b>Profit attributable to shareholders</b>	11.6	7.2	60.3	44.9	26.5	69.4
<b>Net profit margin</b>	3.7	2.6	1.1 pp	5.1	3.6	1.5pp
<b>Earnings per share (RMB cents) **</b>	2.93	2.19	33.8	12.38	8.04	54.0

pp: percentage points

\*Gross profit margin for 3Q2013 was adjusted by reclassifying impairment allowance on inventories to cost of sales from operating expenses to be consistent with 3Q2014.

\*\* Calculated based on the issued share capital of 394,800,000 ordinary shares and 329,000,000 ordinary shares for 3Q2014 and 3Q2013 respectively; and based on the issued share capital of 363,110,000 ordinary shares and 329,000,000 ordinary shares for 9M2014 and 9M2013 respectively.

The increase in revenue was mainly attributed to the Heat Exchangers and Pressure Vessels segment of RMB56.8 million. The increase was partially offset by lower revenue of RMB14.6 million from the Energy Saving and Environmental Protection Systems segment. Meanwhile, revenue from its Heat Pipes and Heat Pipe Exchangers segment remains stable. The Heat Exchangers and Pressure Vessels segment remains the Group's biggest revenue contributor.

The Group's gross profit margin slipped 2.6 percentage points yoy due to lower margin achieved in all revenue segments as compared to the corresponding period. The Group's gross profit



No. 2111 Chengxin Road, Nanjing Jiangning, Science Park, Nanjing 211112, PRC  
Tel: (86) 25-5216 9777 Fax: (86) 25-5216 9700 Web: [www.sunpower.com.cn](http://www.sunpower.com.cn)

margin is mainly affected by the slower economic growth in China and increased market competition.

Net profit attributed to shareholders increased 60.3% yoy on the back of a 1.1 percentage point yoy increase in net profit margin from 2.6% to 3.7% for 3Q2014. The increase in net profit by RMB 9.8 million was attributable to the following factors:

- a) Absence of impairment allowance on property, plant and equipment of RMB 6.3 million;
- b) Reduction in impairment allowance on trade and non-trade receivables of RMB 3.7 million; and
- c) A favourable change in impairment allowance on inventories of RMB 5.9 million.

On the other hand, administrative expenses such as staff remuneration increased.

Net cash used in operating activities amounted to approximately RMB143.7 million mainly due to an increase in trade and other receivables, as well as a decrease in trade and other payables. Total current assets decreased 7.1% yoy to RMB1,570.0 million due to a decrease in cash and cash equivalents, as well as trade receivables. Trade receivables decreased with improved collection of debts arising from management efforts to follow up with customers. Meanwhile, current liability decreased due to a decrease in trade payable and other payables.

## **Outlook**

Despite the Chinese government's stimulus measures, China's GDP growth slipped to 7.3% in the third quarter, which is the lowest in five years. However, the Group continues to strengthen its business operation through management, cost control and expansion into new industries and markets with favourable outlooks.

Mr. Guo Hongxin shared, **“Despite the challenging macro-economy in China, we have sustained our growth momentum due to our strength in technology research and development. We managed to master the key technology of ZLD, and combine its expertise in heat high-efficiency and heat transfer technology to create a Low Temperature Energy Zero Liquid Discharge(“LTE-ZLD”) technology which made a breakthrough in our expansion into the water treatment industry in China. In November 2014, we won a significant contract worth RMB66.9 million from Sinopec Group to supply patent technique and service & key equipment for one of its subsidiaries operating in the coal chemical industry.**

**We are positive about the water treatment market in China as the government continues to place emphasis on improving water discharge quality, and the water treatment industry is one of the key growth sectors underpinned by the Chinese government's 12th Five-Year Plan. With our core advantage and unique know-how such as LTE-ZLD technology, we offer a more effective and lower cost wastewater treatment solution in the coal chemical and petrochemical industries. We will continue to improve our research and development capability to retain our position as an innovative total solution provider in the water treatment and environment protection market.”**



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Barring any unforeseen circumstances, the Group expects to remain profitable for the remainder of FY2014.

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### **About Sunpower Group Limited**

PRC-based Sunpower Group Ltd. Specializes in the design, R&D and manufacture of customized energy-saving and environmental protection products using heat-transfer technologies. Its products range from heat exchangers and pressure vessels, heat pipes and heat-pipe exchangers, pipe supports, and energy-saving and environmental protection systems. They are used in various industries such as petrochemical, steel, transportation, chemicals, metallurgy, solar energy etc, particularly in energy projects that benefit from the products' energy-saving and energy-efficiency features. Sunpower has a strong customer base and is a member of both China Petroleum and Chemical Corporation ("SINOPEC") materials supply network and China National Petroleum Corporation ("CNPC") first-tier network. These memberships pre-qualify the Group to supply products to companies in the SINOPEC and CNPC groups. To date, the Group has 119 patents registered in China to its proprietary heat technologies.

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**

For more information please contact:

Charlotte Fu, [charlotte@financialpr.com.sg](mailto:charlotte@financialpr.com.sg)

Yit Sung Ngo, [yitsung@financialpr.com.sg](mailto:yitsung@financialpr.com.sg)

Tel: (65) 6438 2990 Fax: (65) 6438 0064