

For Immediate Release

Sunpower's net profit to shareholders for FY2014 increased to RMB56.1 million

Singapore, 13 February 2015 –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 a 4.2% increase in profit attributable to shareholders from RMB53.8 million to RMB 56.1 million.

RMB 'Million	FY2014	FY2013	YoY % Change
Revenue	1,235.2	1,302.6	(5.2)
Gross profit	270.4	278.1	(2.7)
Gross profit margin	21.9	21.3	0.6 pp
Profit attributable to shareholders	56.1	53.8	4.2
Earnings per share (RMB cents)**	15.11	16.36	(7.6)

** Calculated based on the issued share capital of 394,800,000 ordinary shares and 329,000,000 ordinary shares for FY2014 and FY2013 respectively.

Revenue decreased by 5.2% from RMB1.3 billion for FY2013 to RMB 1.2 billion for FY2014. This was mainly due to an 18.8% decline in revenue from the Heat Exchangers and Pressure Vessels segment, which amounted to approximately RMB159.4 million. The revenue contribution from the Heat Exchangers and Pressure Vessels segment was impacted by the slowing global economy as well as the decreasing crude oil pricing. Many of the order books for Heat Pipes and Heat Pipe Exchangers come from client operating in the petrochemical sector. This loss was offset by a 54.7% increase in revenue contribution from Energy Saving and Environmental Protection Systems business segment, which amounted to approximately RMB81.2 million. Heat Exchangers and Pressure Vessels remains as the Group's largest business segment.

In tandem with the decrease in revenue, the Group's gross profit decreased by 2.7% from RMB 278.1 million for FY2013 to RMB 270.4 million for FY2014, while its gross profit margin was maintained around 22% for both FY2013 and FY2014.

Nevertheless, the Group's profit before tax increased 5.7% yoy from RMB68.2 million for FY2013 to RMB72.0 million for FY2014 mainly due to the following factors:

- a) Absence of impairment allowance on property, plant and equipment of RMB 5.7 million, which was mainly made by the Group's suspension of its unprofitable foam glass production business;
- b) Reduction in impairment allowance on trade and non-trade receivables of RMB7.7 million.

On the other hand, administrative expenses increased marginally by 1.8% due to increased salaries for additional personnel recruited to fulfill the Group's business growth. The Group's depreciation expenses increased 27.4% to RMB26.1 million due to additional Property, Plant and Equipment purchased during FY2014. In addition, other income decrease 19.7% due to fewer government grants and lesser interest income received in FY2014.

As a result of the above, the Group reported a 4.2% growth in its net profit attributable to shareholders for FY2014, along with a dividend of S\$ 0.001per ordinary share.

Net cash generated from operating activities amounted to approximately RMB 27.2 million for FY2014 mainly due to movement in working capital. Inventories increased by RMB 10.5 million while trade and other payables decrease by RMB 163.4 million. On the other hand, trade receivables, as well as other receivables and prepayments decreased RMB 100.7 million and RMB 16.4 million respectively.

Outlook

As the Chinese government continues to lay out measure for domestic economic restructuring, its economy grew at its slowest pace of 7.4% in 24 years in 2014, barely missing its target of 7.5% for the year. Many predict an even slower growth for 2015, creating uncertainties about the country's economic advancement¹.

Mr.Guo HongXin, Executive Chairman of the Group, comments, **"2014 is a challenging year for the Group. Decreasing crude oil prices, tightening credit measures taken by the Chinese banks, as well as the slower global economy have all increased difficulties in securing contracts. However, we managed to maintain our net profit growth through cost-cutting and risk-controlling measures.**

While our strength lies in the Energy-saving technology, we will also be focusing and improving on our research and development for the environmental protection and water treatment sector to balance our business risks. Environmental protection and water treatment industries were identified as the two of the key growth sectors underpinning the Chinese government's 12th Five-Year Plan. In the past years, we have made a breakthrough in our water treatment technology through our Zero Liquid Discharge ("ZLD") technology. In November, we have secured another water treatment Engineering, Procurement and Construction project with Sinopec Group with our ZLD technology. We will continue to further improve our water treatment technology to capture the growing market. In addition, we are also exploring and hoping to expand into new businesses such as securing Build-Own-Operate ("BOO"), Build-Operate-Transfer ("BOT") and EMC ("Energy Management Contracting") projects for industrial wastewater treatment and air pollution control."

Total contracts attributable to the Group from the Sinopec ZLD EPC project secured in November 2014 amounted to RMB66.9 million. This is expected to contribute positively to the Group's FY2015

¹<http://www.reuters.com/article/2015/01/20/us-china-economy-idUSKBN0KT04920150120>



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results. In addition, the Group's total order book as at 31 December 2014 amounted to approximately RMB 1.12 million.

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 relating to its proprietary heat technologies that are registered in China.

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

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