

SUNPOWER GROUP LTD.

Unaudited Financial Statements for the First Quarter Ended 31 March 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS

1(a)(i) 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.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2016

(RMB'000)	First quarter ended		% change
	31 March 2016	31 March 2015	
Revenue	291,389	220,043	32.4
Cost of sales	(221,076)	(162,320)	36.2
Gross profit	70,313	57,723	21.8
Other operating income	7,304	3,510	108.1
Selling and distribution expenses	(8,298)	(8,301)	0.0
Administrative expenses	(41,204)	(33,431)	23.3
Other operating expenses	(3,010)	(1,279)	135.3
Finance costs	(5,670)	(6,051)	(6.3)
Profit before income tax	19,435	12,171	59.7
Income tax expense	(4,181)	(2,557)	63.5
Profit for the period	15,254	9,614	58.7
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translation of foreign operation	17	8	112.5
Total comprehensive income for the period	15,271	9,622	58.7
Profit for the period attributable to:			
Equity holders of the Company	16,020	10,397	54.1
Non-controlling interest	(766)	(783)	(2.2)
Profit for the period	15,254	9,614	58.7
Total comprehensive income for the period attributable to:			
Equity holders of the Company	16,037	10,405	54.1
Non-controlling interest	(766)	(783)	(2.2)
Profit for the period	15,271	9,622	58.7

n.m. – not meaningful

1(a)(ii) Other information:

(RMB'000)	First quarter ended		% change
	31 March 2016	31 March 2015	
Depreciation expense	8,391	6,776	23.8
Interest expense	5,670	6,051	(6.3)
Amortisation of land use rights	353	353	-
Amortisation of intangible assets	245	607	(59.6)
(Reversal of) inventories	-	(153)	n.m.
Impairment allowance on trade and non-trade receivables	2,792	1,175	137.6
Reversal of impairment allowance on trade and non-trade receivables	(5,834)	(2,291)	154.6
Loss on disposal of property, plant and equipment	-	78	n.m.
Employee share option expense	1,938	-	n.m.
Foreign exchange loss (net)	5,239	154	n.m.

Other operating income comprises:

(RMB'000)	First quarter ended		% change
	31 March 2016	31 March 2015	
Government grant	711	108	n.m.
Interest income	274	963	(71.5)
Reversal of impairment allowance on trade and non-trade receivables	5,834	2,291	154.6
Others	485	148	227.7
Total	7,304	3,510	108.1

n.m. – not meaningful

1(b)(i) 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.

UNAUDITED STATEMENTS OF FINANCIAL POSITION

(RMB'000)	Group		Company	
	(Unaudited) 31 March 2016	(Audited) 31 December 2015	(Unaudited) 31 March 2016	(Audited) 31 December 2015
ASSETS				
Current assets:				
Cash and cash equivalents	307,726	397,527	9,957	122,105
Pledged bank deposits	49,514	65,066	-	-
Trade receivables	1,351,417	1,261,959	-	-
Other receivables, deposits and prepayments	109,517	94,317	14,777	5,623
Inventories	214,082	234,823	-	-
Land use rights	1,411	1,412	-	-
Total current assets	<u>2,033,667</u>	<u>2,055,104</u>	<u>24,734</u>	<u>127,728</u>
Non-current assets:				
Land use rights	158,959	146,297	-	-
Other receivables, deposits and prepayments	54,931	-	20,000	30,000
Property, plant and equipment	306,154	307,013	-	218,944
Investment in subsidiaries	-	-	331,688	-
Intangible assets	46,746	2,534	-	-
Goodwill	5,483	5,483	-	-
Deferred tax assets	12,410	12,073	-	-
Total non-current assets	<u>584,683</u>	<u>473,400</u>	<u>351,688</u>	<u>248,944</u>
Total assets	<u>2,618,350</u>	<u>2,528,504</u>	<u>376,422</u>	<u>376,672</u>
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	955,029	871,721	-	-
Other payables	156,295	183,860	34,523	32,821
Borrowings	418,000	438,000	-	-
Income tax payable	14,890	18,094	-	-
Total current liabilities	<u>1,544,214</u>	<u>1,511,675</u>	<u>34,523</u>	<u>32,821</u>
Non-current liabilities:				
Deferred tax liabilities	8,124	8,071	-	-
Borrowings	56,000	16,000	-	-
Total non-current liabilities	<u>64,124</u>	<u>24,071</u>	<u>-</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	57,521	56,466	-	-
Share option reserve	6,880	4,897	6,880	4,897
Foreign currency translation reserve	128	111	-	-
Accumulated profits	605,091	590,126	14,550	18,485
Equity attributable to equity holders of the Company	<u>990,089</u>	<u>972,069</u>	<u>341,899</u>	<u>343,851</u>
Non-controlling interest	19,923	20,689	-	-
Total equity	<u>1,010,012</u>	<u>992,758</u>	<u>341,899</u>	<u>343,851</u>
Total liabilities and equity	<u>2,618,350</u>	<u>2,528,504</u>	<u>376,422</u>	<u>376,672</u>

1(b)(ii) Aggregate amount of group borrowings and debt securities

Amount repayable in one year or less, or on demand

(RMB'000)	As at 31 March 2016		As at 31 December 2015	
	Secured	Unsecured	Secured	Unsecured
Borrowings	90,000	328,000	90,000	348,000

Amount repayable after one year

(RMB'000)	As at 31 March 2016		As at 31 December 2015	
	Secured	Unsecured	Secured	Unsecured
Borrowings	-	56,000	-	16,000

Details of any collaterals:

<u>Collaterals</u>	31 March 2016	31 December 2015
	RMB'000	RMB'000
Bank deposit	50,000	50,000
Land use rights and buildings of a subsidiary	40,000	40,000

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.**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

RMB'000	First quarter ended	
	31 March 2016 (Unaudited)	31 March 2015 (Unaudited)
Operating activities		
Profit before income tax	19,435	12,171
Adjustments for:		
Depreciation expense	8,391	6,776
Interest expense	5,670	6,051
Amortisation of land use rights	353	353
Amortisation of intangible assets	245	607
Loss on disposal of property, plant and equipment	-	78
Reversal of allowance on inventories	-	(153)
Interest income	(274)	(963)
Reversal of impairment allowance on trade and non-trade receivables – net	(3,042)	(1,116)
Employee share option expense	1,983	-
Operating cash flows before movements in working capital	32,761	23,804
Trade receivables	(86,416)	77,474
Other receivables and prepayments	(15,200)	(24,851)
Inventories	20,742	(34,087)
Trade payables	83,307	29,491
Other payables	(27,550)	(32,518)
Cash generated from operations	7,644	39,313
Income tax paid	(7,670)	(4,610)
Interest received	274	963
Interest paid	(5,670)	(6,051)
Net cash (used in) generated from operating activities	(5,422)	29,615
Investing activities		
Prepayments for projects	(54,931)	-
Purchase of property, plant and equipment	(12,061)	(4,835)
Acquisition of land use rights	(13,027)	-
Expenditure on intangible assets	(39,929)	-
Proceeds from disposal of property, plant and equipment	-	64
Net cash used in investing activities	(119,948)	(4,771)
Financing activities		
Proceeds from new borrowings	245,000	108,029
Pledged bank deposits	15,552	-
Payments of dividend	-	3,826
Repayment of borrowings	(225,000)	(110,448)
Net cash from financing activities	35,552	1,407
Net (decrease) increase in cash and cash equivalents	(89,818)	26,251
Cash and cash equivalents at beginning of year	397,527	110,486
Effects of foreign exchange rate changes	17	8
Cash and cash equivalents at end of the period	307,726	136,745

1(d)(i) 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.

<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 2015	31,281	75,379	51,642	-	(12)	515,254	673,544	21,998	695,542
<u>Total comprehensive income for January to March 2015</u>									
Profit for January to March 2015	-	-	-	-	-	10,397	10,397	(783)	9,614
Other comprehensive income for January to March 2015	-	-	-	-	8	-	8	-	8
Total	-	-	-	-	8	10,397	10,405	(783)	9,622
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	620	-	-	(620)	-	-	-
Total	-	-	620	-	-	(620)	-	-	-
Balance at 31 March 2015	31,281	75,379	52,262	-	(4)	525,031	683,949	21,215	705,164
<u>Total comprehensive income for April to December 2015</u>									
Profit for April to December 2015	-	-	-	-	-	71,098	71,098	(526)	70,572
Other comprehensive income for April to December 2015	-	-	-	-	115	-	115	-	115
Total	-	-	-	-	115	71,098	71,213	(526)	70,687
<u>Transactions with owners, recognised directly in equity</u>									
Ordinary shares issued	22,250	191,559	-	-	-	-	213,809	-	213,809
Dividends paid	-	-	-	-	-	(1,799)	(1,799)	-	(1,799)
Transfer to general reserve	-	-	4,204	-	-	(4,204)	-	-	-
Employee share option expenses	-	-	-	4,897	-	-	4,897	-	4,897
Total	22,250	191,559	4,204	4,897	-	(6,003)	216,907	-	216,907
Balance at 31 December 2015	53,531	266,938	56,466	4,897	111	590,126	972,069	20,689	992,758

<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 2016	53,531	266,938	56,466	4,897	111	590,126	972,069	20,689	992,758
<u>Total comprehensive income for January to March 2016</u>									
Profit for January to March 2016	-	-	-	-	-	16,020	16,020	(766)	15,254
Other comprehensive income for January to March 2016	-	-	-	-	17	-	17	-	17
Total	-	-	-	-	17	16,020	16,037	(766)	15,271
<u>Transactions with owners, recognised directly in equity</u>									
Transfer to general reserve	-	-	1,055	-	-	(1,055)	-	-	-
Employee share option expenses	-	-	-	1,983	-	-	1,983	-	1,983
Total	-	-	1,055	1,983	-	(1,055)	1,983	-	1,983
Balance at 31 March 2016	53,531	266,938	57,521	6,880	128	605,091	990,089	19,923	1,010,012

<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</u> RMB'000	<u>Equity attributable to equity holders of the Company</u> RMB'000	<u>Total</u> RMB'000
Balance at 1 January 2015	31,281	75,379	-	30,948	137,608	137,608
Loss for the period, representing total comprehensive loss for January to March 2015	-	-	-	(1,775)	(1,775)	((1,775))
Balance at 31 March 2015	31,281	75,379	-	29,173	135,833	135,833
Loss for the period, representing total comprehensive loss for April to December 2015	-	-	-	(8,889)	(8,889)	(8,889)
<u>Transactions with owners, recognised directly in equity</u>						
Ordinary shares issued	22,250	191,559	-	-	213,809	213,809
Dividends paid	-	-	-	(1,799)	(1,799)	(1,799)
Employee share option expenses	-	-	4,897	-	4,897	4,897
Total	22,250	191,559	4,897	(1,799)	216,907	216,907
Balance at 31 December 2015	53,531	266,938	4,897	18,485	343,851	343,851
Loss for the period, representing total comprehensive loss for January to March 2016	-	-	-	(3,935)	(3,935)	(3,935)
<u>Transactions with owners, recognised directly in equity</u>						
Employee share option expenses	-	-	1,983	-	1,983	1,983
Total	-	-	1,983	-	1,983	1,983
Balance at 31 March 2016	53,531	266,938	6,880	14,550	341,899	341,899

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

On 30 December 2015, the Group completed the placement of an aggregate of 342,857,142 new ordinary shares at an offer price of S\$0.14. The total number of placement shares issued represented approximately 46% of the Company's issued share capital of 737,657,142 shares as at 31 December 2015.

There was no change in share capital during the first quarters ended 31 March 2016 and 31 March 2015.

There were no outstanding convertibles or treasury shares held as at 31 March 2016 and 31 December 2015.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The Company's total issued shares as at 31 March 2016 and 31 December 2015 is 737,657,142 ordinary shares, while the total issued shares as at 31 March 2015 is 394,800,000.

There were no shares held as treasury shares as at 31 March 2016, 31 December 2015 and 31 March 2015.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

These figures have neither been audited nor reviewed.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The same accounting policies and methods of computation used in the 31 December 2015 audited financial statements have been applied.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.**

Not applicable.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

(a) Based on the weighted average number of ordinary shares on issue; and

	First Quarter ended	
	31 March 2016	31 March 2015
	<hr/>	<hr/>
Net profit attributable to equity holders of the Group (RMB'000)	16,020	10,397
Weighted average number of ordinary shares outstanding ('000)	<hr/> 737,657	<hr/> 394,800
Earnings per share – basic (RMB cent)	<hr/> <hr/> 2.17	<hr/> <hr/> 2.63

Basic earnings per share for the first quarter ended 31 March 2016 and 31 March 2015 have been calculated based on the issued share capital of 737,657,142 and 394,800,000 ordinary shares.

(b) On a fully diluted basis (detailing any adjustments made to the earnings)

	First Quarter ended	
	31 March 2016	31 March 2015
	<hr/>	<hr/>
Net profit attributable to equity holders of the Group (RMB'000)	16,020	10,397
Weighted average number of ordinary shares outstanding ('000)	<hr/> 796,877	<hr/> 394,800

Earnings per share – diluted (RMB cent) 2.01 2.63

Diluted earnings per share for the above periods have been calculated assuming the share options granted have been exercised during 1Q2016.

- 7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
- (a) current financial period reported on; and**
- (b) immediately preceding financial year.**

	Group		Company	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Net asset value per share (RMB cents)	134.22	131.78	46.35	46.61

The net asset value per share for 31 March 2016 and 31 December 2015 have been computed based on shareholders' equity as at these dates and the issued share capital of 737,657,142 ordinary shares as at 31 March 2016 and 31 December 2015.

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

The Group's performance for the first quarter ended 31 March 2016 ("1Q2016") as compared to that of the first quarter ended 31 March 2015 ("1Q2015")

Revenue

The Group's revenue increased by RMB 71.4 million or 32.5% from RMB 220.0 million in 1Q2015 to RMB 291.4 million in 1Q2016. The higher revenue was attributable to an increase of RMB 94.9 million from Engineering Procurement and Construction (EPC) Integrated Solutions segment, which was offset by a decrease of RMB 23.5 million from Environmental Equipment Manufacturing segment. Of the RMB 94.9 million increase, RMB 39.9 million relates to new "BOT, BOO, TOT" projects.

Gross Profit

Gross profit increased by RMB 12.6 million or 21.8% from RMB 57.7 million in 1Q2015 to RMB 70.3 million in 1Q2016. The increase was attributable to an increase of RMB 20.5 million from EPC Integrated Solutions segment, comprising mainly RMB 12.3 million for construction projects relating to new "BOT, BOO, TOT" projects.

Profit before Income Tax

Profit before tax increased by RMB 7.2 million or 59.0% from RMB 12.2 million in 1Q2015 to RMB 19.4 million in 1Q2016. The increase was mainly attributable to the following factors:

- (a) Increase in gross profit of RMB 12.6 million;
- (b) Increase in other operating income of RMB 3.8 million;

The above were offset mainly by:

- (c) Increase in administrative expenses of RMB 7.8 million mainly due to higher foreign exchange loss of RMB 5.0 million from USD depreciation between 31 December 2015 and 31 March 2016 and share option expense of RMB 2.0 million.

Income Tax Expense

The Group's effective income tax rate remained stable at approximately 21.0% for both 1Q2016 and 1Q2015.

Profit for the Financial Period

As a result of the above factors, the Group's net profit attributable to the shareholders increased by RMB 5.6 million or 53.8% from RMB 10.4 million in 1Q2015 to RMB 16.0 million in 1Q2016.

- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of the Group's Financial Position

The Group's total current assets decreased by RMB 21.4 million from RMB 2,055.1 million as at 31 December 2015 to RMB 2,033.7 million as at 31 March 2016 mainly due to:

- (a) Decrease in cash and cash equivalents of RMB 89.8 million;
- (b) Decrease in pledged bank deposits of RMB 15.6 million as less cash collateral were required for the credit facilities granted.
- (c) Decrease in inventories of RMB 20.7 million.

The above decrease was mitigated by the following:

- (d) Increase in trade receivables of RMB 89.5 million in 1Q2016 as a result of an increase in note receivables with recourse of RMB 95.8 million. Approximately 32.52% and 2.61% of

the trade receivables at 31 December 2015 and 31 March 2016 respectively were collected as at 30 April 2016. Most of the trade receivables are due from customers that are state-owned enterprises, listed companies or multinational corporations. Overall, the Group's customers are credit-worthy but payments remain slow due to tightened credit in China; and

- (e) Increase in other receivables, deposits and prepayments of RMB 15.2 million resulting from increased advance payment for purchases to fulfill the orders on hand.

The Group's total non-current assets increased by RMB 111.3 million from RMB 473.4 million as at 31 December 2015 to RMB 584.7 million as at 31 March 2016 mainly due to:

- (a) Increase in land use right of RMB 12.7 million;
- (b) Increase in other receivables, deposits and prepayments of RMB 54.9 million resulting from prepayments made to subcontractors for work done for the new "BOT, BOO, TOT" projects at 31 March 2016;
- (c) The increase in intangible assets of RMB 39.7 million due to service concession arrangements relating to the new "BOT, BOO, TOT" projects of RMB 44.5 million which construction work has commenced during the 1Q2016.

The Group's total current liabilities increased by approximately RMB 32.5 million from RMB 1,511.7 million as at 31 December 2015 to RMB 1,544.2 million as at 31 March 2016 mainly due to:

- (a) Increase in trade payables of RMB 83.3 million as a result of increase in note payable with recourse of RMB 95.8 million; which were mitigated by
- (b) Decrease in other payables of RMB 27.6 million arising largely from an aggregate decrease in accrued payroll costs, value-added taxes and other tax liabilities amounting to RMB 34.1 million, which was offset by an increase in other accruals of RMB 5.0 million; and
- (c) Decrease in income tax payable of RMB 3.2 million.

The Group's borrowings increased by RMB 20.0 million from RMB 454.0 million as at 31 December 2015 to 474.0 million as at 31 March 2016 as a result of an increase in long term borrowings of approximately RMB 40.0 million to compensate for a decrease in short-term borrowings of RMB 20.0 million.

Review of the Group's Cash Flow Statement for the first quarter ended 31 March 2016

Net cash used in operating activities amounted to approximately RMB 5.4 million, primarily due to operating cash flows before movements in working capital of approximately RMB 32.8 million that were derived from:

- (a) Higher working capital requirements arising from the increase in trade receivables of RMB 86.4 million, other receivables and prepayments of RMB 15.2 million, and decrease in other payables of RMB 27.6 million;
- (b) Lower working capital requirements due to the decrease in inventories of RMB 20.7 million and increase in trade payables of RMB 83.3 million; and
- (c) Interest and tax paid of RMB 13.3 million in aggregate.

Net cash used in investing activities amounted to RMB 119.9 million mainly due to an increase in prepayments made to subcontractors for work done for the new "BOT, BOO, TOT" projects of RMB 54.9 million and expenditure on intangible assets arising from service concession arrangements of RMB 39.9 million.

Net cash inflows generated from financing activities amounted to RMB 35.6 million due to the proceeds from bank borrowings and pledged bank deposits of RMB 245.0 million and RMB 15.6 million respectively which were offset by the repayment of bank loan of RMB 225.0 million.

Use of Proceeds

The net proceeds raised from the placement completed on 30 December 2015 ("Placement Proceeds") amounted to approximately S\$ 46.6 million (equivalent to RMB 213.89 million) (after deducting estimated costs and expenses of approximately S\$ 1.4 million (equivalent to RMB 6.43 million)).

As of 12 May 2016, the Company has utilised RMB 107.45 million (approximately S\$ 22.38million) of the Placement Proceeds comprising RMB 76.45 million (approximately S\$ 15.92 million) for the Changrun Project, RMB 2.5million (approximately S\$ 0.52 million) for Quanjiao Project and RMB 28.50 million (approximately S\$5.94million) for the Lianshui Project.

Each of the above utilisation of Placement Proceeds is consistent with the intended use as disclosed in the Company's circular to shareholders dated 20 November 2015.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There is no variance between the actual results and the forecast, or prospect statement previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In 1Q2016, the Group achieved a 32.4% and 54.1% growth in revenue and net profit attributable to shareholders respectively despite uncertain global conditions and the slowing down of the Chinese economy.

China's economy grew by 6.7 percent year-on-year in the first quarter of 2016. While it reflected the slowest quarterly growth since the global financial crisis, China has rolled out important economic reforms and restructuring in recent years.

In the midst of deteriorating air pollution and smog in China, the government will continue to render its full support to the energy saving and new energy industry. Following the government's efforts to develop the clean coal industry, greater opportunities can be expected from this industry over the long term. After successfully securing several major contracts for Build-Operate-Transfer ("BOT"), Build-Owned-Operate ("BOO") and/or Transfer-Operate-Transfer ("TOT") projects, the Group will continue to invest in centralized steam area and strive to secure more centralised steam system contracts in the future.

The first phase of both Quanjiao Project and Changrun Project is expected to be completed in the third quarter of 2016 and first quarter of 2017 respectively. Whilst for the Lianshui Project is expected to begin operations in the second half of 2016. Barring any unforeseen circumstances, Management anticipates that majority of the EPC revenue for the aforesaid three projects will be recognized in FY2016.

With the above, the Directors expect the Group to remain profitable in FY2016 barring any unforeseen circumstances.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

None.

- (b) (i) Amount per share in cents**
(ii) Previous corresponding period in cents

None.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

- (d) The date the dividend is payable.**

Not applicable.

- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

- 12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended for the first quarter ended 31 March 2016.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have an Interested Person Transaction mandate.

- 14. Negative Confirmation Pursuant to Rule 705(5).**

We do hereby confirm on behalf of the Board of Directors of the Company ("the Board") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the financial statements for the first quarter ended 31 March 2016 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in [Appendix 7.7](#)) under [Rules 720\(1\)](#).

The Company has obtained undertakings from all directors and executive officers.

For and on behalf of the
Board of Directors of
SUNPOWER GROUP LTD.

Guo Hong Xin
Executive Chairman

Jiang Ning
Lead Independent Director

BY ORDER OF THE BOARD

Guo Hong Xin
Executive Chairman

12 May 2016