

For Immediate Release

Sunpower’s revenue rose 81.1% to RMB 621.5 million in 1Q2018 (yoy)

Underlying core profits up 52.4% to RMB 46.3 million in 1Q2018 (yoy)

• **Green Investment (“GI”) segment:**

RMB 3.4 billion (40% Equity/60% Debt) has been invested and committed in projects that generate long-term, recurring and high-quality cash flows with attractive double digit Internal Rate of Return (“IRR”).

Sunpower usually operates GI projects on 30-year concession. 5 operating projects contributed RMB 125.3 million in revenue and RMB 35 million in EBITDA in 1Q2018. The long-term Net Present Value (“NPV”) generated by the Group’s existing GI portfolio is expected to be significantly higher than the current quarterly EBITDA contribution.

• **Manufacturing & Services (“M&S”) segment:**

Revenue in 1Q2018 grew 44.6% yoy to RMB 496.1 million

Record order book of RMB 2.0 billion as of 1Q2018

Singapore, 14 May 2018 - Mainboard-listed Sunpower Group Ltd. (“中聖集團”, “Sunpower” or the “Group”), an environmental protection solutions specialist in proprietary energy saving and clean power technologies with a strong focus on expanding into anti-pollution investment projects (“Green Investments” or “GI”), generates long-term intrinsic value in the form of recurring high quality cash flows, has today announced its financial results for the first quarter of 2018 (“1Q2018”).

Financial Highlights

| RMB’ million | Actual (with financial effects of CB) | | | Actual (without financial effects of CB) | | |
|---|---------------------------------------|------------|------------------|--|-------------|------------------|
| | 1Q2018 | 1Q2017 | Change | 1Q2018 | 1Q2017 | Change |
| Revenue | 621.5 | 343.2 | 81.1 % | 621.5 | 343.2 | 81.1% |
| Gross profit | 132.5 | 86.7 | 52.9% | 132.5 | 86.7 | 52.9% |
| Gross profit margin | 21.3% | 25.3% | (4.0) <i>pps</i> | 21.3% | 25.3% | (4.0) <i>pps</i> |
| Profit before income tax | 89.3 | (76.2) | 217.1% | 37.8 | 37.6 | 0.5% |
| Profit attributable to shareholders | 82.4 | (83.5) | 198.7% | 30.9 | 30.4 | 1.7% |
| Basic EPS ⁽¹⁾ | 11.17 | (11.32) | 198.6% | 4.19 | 4.12 | 1.7% |
| Underlying net profit ⁽²⁾ | n/a | n/a | n/a | 46.3 | 30.4 | 52.4% ↑ |

Notes:

(1) Calculated based on the issued share capital of 737,657,142 ordinary shares.

(2) **The underlying net profit increased by RMB 15.9 million or 52.4% from RMB 30.4 million in 1Q2017 to RMB 46.3 million in 1Q2018. The increase was primarily attributable to the**

increased contribution from GI business. The underlying net profit is the true operating performance of the Group, after adjusting for foreign exchange gain/loss associated with the Convertible Bond issued in 2017.

Group Results

The Group reported strong operating results in 1Q2018 that saw growth driven by the strong performance of GI and M&S segments. In particular, the management is pleased by the performance of the GI business segment that is now the Group's primary value creator and growth driver, despite the impact of seasonality caused by the Spring Festival.

Revenue increased by RMB 278.3 million or 81.1% from RMB 343.2 million in 1Q2017 to RMB 621.5 million in 1Q2018, as the GI business segment contributed for its second consecutive quarter since commercial operations began in late 3Q2017. In 1Q2018, the GI business segment recorded revenue of RMB 125.3 million, up from nil in 1Q2017, and generated EBITDA of RMB 35.0 million. GI projects are on track to generate significant NPV for the Group in the long-term beyond current revenue or profit contributions. The M&S business segment recorded revenue of RMB 496.1 million, an increase of 44.6% from 1Q2017.

Gross profit increased by RMB 45.8 million or 52.9% from RMB 86.7 million in 1Q2017 to RMB 132.5 million in 1Q2018. Gross profit margin decreased from 25.3% in 1Q2017 to 21.3% in 1Q2018.

A foreign exchange loss of RMB 19.2 million was recorded in 1Q2018 (without financial effects of convertible bonds), mainly due to foreign exchange translation loss of RMB 15.4 million arising from unutilised proceeds from the issuance of the Convertible Bonds on 3 March 2017. These bonds are denominated in US Dollar and have depreciated against the RMB, thus resulting in the foreign exchange loss.

Underlying net profit increased by RMB 15.9 million or 52.4% from RMB 30.4 million in 1Q2017 to RMB 46.3 million in 1Q2018. The increase was primarily attributable to the increased contribution from the GI business segment. The underlying net profit is the true operating performance of the Group, after adjusting for interest expense, foreign exchange gain/loss, and fair value gain/loss associated with the Convertible Bond issued on 3 March 2017.

The Group's net profit attributable to shareholders, including the financial effects of the CB, increased by RMB 165.9 million from a loss of RMB 83.5 million in 1Q2017 to RMB 82.4 million in 1Q2018.

As at 31 March 2018, Sunpower had RMB 751.5 million in cash and cash equivalents and pledged bank deposits, compared with RMB 991.1 million as at 31 December 2017. Shareholders' equity was RMB 1,344.2 million as at 31 March 2018, an increase from RMB 1,261.9 million at 31 December 2017.

Net cash used in operating activities amounted to RMB 54.1 million, primarily due to operating cash flows before movements in working capital of RMB 70.3 million.

GI Business Update

The Group wishes to provide additional information on the segment that is now our primary value creator and growth driver. To-date, the Group has invested and committed to invest RMB 3.4 billion in building up the GI portfolio of assets which generates long-term, recurring and high quality cash flows as its value creator and growth driver (usually 30 years concession period with right of first refusal to renew). The Group believes that it holds a valuable and realizable portfolio of GI assets. Such GI

portfolio, if successfully operated and realized, will deliver NPV to the Group over the concession period that is significantly higher than the latest quarter's EBITDA contribution. With captive customers and steam being a non-discretionary input for its industrial customers, such cash flows are of high quality.

A. As of March 31, 2018, GI production capacity is as follows:

| Production Capacity | Annualized Active Capacity | Annualized Back-up Capacity* | Total Capacity |
|---------------------------|----------------------------|------------------------------|----------------|
| Steam (million tonnes) | 3.5 | 2.3 | 5.8 |
| Electricity (million MWh) | 0.23 | 0.15 | 0.38 |

Notes: Back-up capacity is built to ensure constant steam supply to industrial customers. It may be used to supplement active steam capacity as and when needed.

B. Project Updates

As of March 31, 2018, the Group's GI project portfolio consists of 5 operating projects and 5 projects in construction and design phases.

| Status | Projects | Total Investments* (RMB mm) | Sunpower's Equity | Designed Capacity |
|---------------------------|--------------------------------|-----------------------------|-------------------|---|
| In Operation | Hebei Changrun Project-phase 1 | ~930 | 100% | 2 x 220 tons/hour (t/h) 2 x 25MW |
| | Xinyuan Thermal Power Plant | 250 | 85% | 3*75t/h +1*6MW +1*6MW 220t/h + 25MW |
| | Lianshui Project | ~100 | 95% | 2 x 40 t/h |
| | Quanjiao Project | ~76 | 100% | 1 x 40 t/h |
| | Jining Project | 52 | 49% | n/a |
| Under Construction | Shantou PPP Project-phase 1 | ~760 | 51% | 3 x 150 t/h 2 x 20MW |
| | Xintai Zhengda Project | 604 | 51% | 3x130t/h 1x30MW+1x18MW |
| To be Constructed | Liutuan Project-phase 1 | ~340 | 70% | n/a |
| | Xinjiang Project-phase 1 | ~260 | 100% | n/a |
| | Yingtian Project-phase 1 | ~53 | 100% | n/a |
| Total | | ~3,425 | | |

* ~40% Equity/~60% Debt

C. Pipeline Update

The Group has a total of 28 projects currently under evaluation.

Outlook

Pollution prevention and environmental protection remain one of the three key focus points of the Chinese government, as highlighted in the 2018 Government Work Report. This is expected to support the growth prospects of China's environmental protection industry, particularly the anti-smog services sector that the GI segment is targeting.

Sunpower is in the process of building a sizeable portfolio of GI assets that is expected to deliver long-term, recurring and high quality cash flows with attractive double-digit project investment rate of returns. Its strong capital position and experienced management team will allow it to accelerate this process to take advantage of its first-mover leadership and further build up the GI business segment until it forms the bulk of the underlying value of the Group. Management strongly believes this strategy will create shareholders' value in the long term.

In addition, the M&S segment is expected to benefit from a record order book of RMB 2.0 billion as at end-March 2018. Sunpower has a proven track record of over 13 years in delivering solid results and stable margins in this segment. To date, the Group has served approximately 1,500 customers in over 15 industries globally. With its established market reputation and leadership in the industry, Sunpower's reputable customer base includes a large variety of notable names including BASF, BP, Shell, CNOOC, CNPC and SINOPEC etc.

Mr. Guo Hong Xin, Executive Chairman of Sunpower, said,

"China is in desperate need of resolving its severe smog pollution problems. We are well-positioned to capitalise on these enormous market opportunities right away with our unique competitive advantages with proprietary technology, know-how and management expertise. We firmly believe that the fundamental measure of our success is our ability to create shareholders' value. We see GI as our value creator and growth driver which forms the bulk of our value, and will stay very focused on building a sizeable and valuable portfolio of GI assets which generates long-term, recurring and high-quality cash flows."

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Forward-looking Statement

This press release includes forward-looking statements and financial information provided with respect to the anticipated future performance and involve assumptions and uncertainties based on the Group's view of future events. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Among other things, the quotations from management in this press release and the Company's operations and business outlook, contain forward-looking statements. The actual results may vary from the anticipated results and such variations may be material. Accordingly, there can be no assurance that such projections and forward-looking statements can be realized. No representations or warranties are made as to the accuracy or reasonableness of such assumptions of the forward-looking statements and financial information based thereon. The Group undertakes no obligation to update forward-looking statements and financial information to reflect subsequent occurring events or circumstances, or to changes in its expectations, except as may be required by law. The past performance of the Group is not necessarily indicative of the future performance of the Group.



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About Sunpower Group Limited

Founded in 1997, Sunpower Group Ltd. (SGX: 5GD.SI) is an environmental protection solutions specialist in proprietary energy saving and clean power technologies, with a strong focus on expanding into anti-pollution investment projects (“Green Investments”) which generates intrinsic value in the form of long-term, recurring and high quality cash flows.

With proven capabilities in technology innovation and proprietary clean energy solutions, Sunpower is shaping a green future for itself by continuously developing its business segments of Green Investments (GI) and Manufacturing & Services (M&S).

Sunpower has rapidly expanded its GI business in recent years by leveraging on its existing core technologies of high-efficiency heat transfer, long distance heat insulated steam distribution, energy-saving and ultra-low emission clean power generation. The GI segment is mainly focused on the investment and operation of centralised steam and electricity supply business, which is expected to bring in additional stream of recurring income to the Company.

For M&S segments, Sunpower has delivered superior quality products and services to approximately 1,500 customers in over 30 countries across the globe to date. Its reputable customer base includes BASF, BP, Shell, SABIC, DowDuPont, Alcoa and Mobil, 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://en.sunpower.com.cn>

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