



SUNPOWER GROUP LTD.

HAZE TREATMENT PROJECT TO BUILD-OPERATE-TRANSFER ("BOT") A CENTRALISED STEAM AND ELECTRICITY FACILITY IN AN INDUSTRIAL PARK IN HEBEI PROVINCE, CHINA (THE "CHANGRUN PROJECT") – ENTRY INTO THE CONCESSION AGREEMENT

The Board of Directors (the "**Board**") of Sunpower Group Ltd. (the "**Company**" and its subsidiaries the "**Group**") refers to the Company's announcement dated 23 December 2015 in relation to the Changrun Project (the "**Announcement**"). Unless otherwise defined, capitalised terms used in this announcement shall bear the same meaning as ascribed to them in the Announcement.

Hebei Changrun Environmental Ltd. ("**HCEL**"), a wholly-owned subsidiary of the Group, had on 11 May 2016 entered into the concession agreement (the "**Concession Agreement**") with Hebei Gaoyang Economic Development Zone Management Committee (authorised committee of the Gaoyang County government) (the "**Gaoyang Authority**"), pursuant to which HCEL has been granted the concession right to, *inter alia*, build, operate and transfer the centralised steam and electricity facility with ultra-low carbon emissions (the "**Facility**") to provide steam to users in Gaoyang County on an exclusive basis.

Key terms of the Concession Agreement are as set out below.

- (a) The Concession Agreement contemplates two phases, with a concession period of 30 years (the "**Concession Period**") commencing on the date operation begins in respect of each phase. In the event that Phase 2 construction of the Changrun Project is completed later than three years after the commencement of the Concession Agreement, parties shall negotiate and agree on a separate concession period in respect of Phase 2.
- (b) Steam generated from the Facility shall be supplied to users within Gaoyang City Centre and Town, South Xingjia Town, Jinzhuang Town, Pukou Township and other townships (the "**Concession Area**").
- (c) HCEL shall have the right to collect fees for the provision of steam from the Facility, which shall be determined based on, amongst others, the guidance of the relevant government policies, costs and expenses relating to the Changrun Project, pricing standards of neighbouring counties and other commercial terms.
- (d) Within 90 days from the commencement of operations of the Facility, the Gaoyang Authority will, in accordance with the relevant government policies, prohibit the use of existing steam boilers and construction of new steam boilers within the Concession Area.
- (e) At the end of the Concession Period, the Gaoyang Authority shall have the right to request for the ownership and operations of the assets constructed pursuant to the Changrun Project (i.e. the Facility) to be transferred from HCEL to it. Alternatively, the Gaoyang Authority shall have the right to select a new concessionaire to operate the Facility. HCEL shall have the right of first refusal in respect of such new concession arrangement.

As operation of Phase 1 of the Changrun Project is targeted to commence in the first quarter of 2017, the Concession Agreement is not expected to have a material impact on the net tangible assets per share or earnings per share of the Group for the financial year ending 31 December 2016.

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Concession Agreement.

BY ORDER OF THE BOARD

Mr Guo Hongxin
Executive Chairman
13 May 2016