



## SUNPOWER GROUP LTD.

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### SECURED RMB95 MILLION BUILD-OPERATE-TRANSFER (“BOT”) CENTRALISED STEAM PROJECT IN LIANSHUI ECONOMIC DEVELOPMENT ZONE, JIANGSU PROVINCE, CHINA

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*Unless otherwise defined, capitalised terms used in this announcement shall bear the same meaning as ascribed to them in the press release dated 18 January 2016 issued by Sunpower Group Ltd. (“Lianshui Press Release”)*

#### 1. INTRODUCTION

- 1.1 We, Sunpower Group Ltd. (the “**Company**” and its subsidiaries and associated companies, the “**Group**”), refer to the Lianshui Press Release. We are pleased to announce that the Group had, on 18 January 2016, entered into a joint venture agreement (“**JVA**”) with Huai’an Qinglian Environmental Protection Engineering Co., Ltd. (“**HQEPE**”), to build a centralised steam facility that comprises, amongst others, highly energy efficient and less polluting coal-fired boilers (the “**Facility**”), and thereafter, to operate the Facility in the Lianshui Economic Development Zone (the “**Zone**”) (the “**Lianshui Project**”).
- 1.2 The Lianshui Project is a joint venture (“**JV**”) between the Group’s wholly-owned subsidiaries, Sunpower Clean Energy Investment (Jiangsu) Co., Ltd. and Sunpower Technology (Jiangsu) Co., Ltd. and HQEPE, which is a subsidiary of the Zone’s Central Management Committee. The Group and HQEPE is in the midst of incorporating a joint venture company (“**JV Co**”) with a registered capital of RMB30 million and which will be 95% held by the Group and 5% held by HQEPE. Further announcements in relation to the incorporation of the JV Co will be made upon the incorporation of the JV Co in compliance with the requirements under the Listing Manual of the SGX-ST.
- 1.3 Pursuant to the terms of the JVA, once the Facility has been in operation for 30 days, the Zone’s authority will close down all existing individual coal-fired boilers by new industrial projects or tertiary industrial projects within the Zone.
- 1.4 The total investment for the Lianshui Project is estimated to be approximately RMB95 million (approximately S\$20.7 million, at an exchange rate of RMB4.59 : S\$1), comprising (i) incorporation of the JV Co with a registered capital of RMB30 million (approximately S\$6.5 million at the exchange rate of RMB4.59 : S\$1), and (ii) the cost of construction of the Facility. This will be funded by the net proceeds from the Placement (as defined below), bank loans and internal resources. The intended use of the net proceeds from the Placement is in accordance with the proposed use of the net proceeds from the Placement as disclosed in the Circular (as defined below).
- 1.5 The Company had in its circular to shareholders dated 20 November 2015 (“**Circular**”) in relation to, *inter alia*, the proposed placement of up to 400 million new ordinary shares in the capital of the Company (the “**Placement**”), announced that it is evaluating various environmental projects in China, which may include environmental related engineering, procurement and construction, as well as BOT, build-owned-operate (“**BOO**”) and/or transfer-operate-transfer (“**TOT**”) projects. The Company intends to generate recurring income from BOT, BOO and TOT of environmental projects with long-term concessions that may provide stable and recurring cash flow which the Company believes will enhance the quality of its earnings and shareholder value. Similar to the Changrun Project, details of which have been

announced by the Company on 23 December 2015), the Lianshui Project is one of those BOT projects which is intended to provide recurring income for the Group.

## **2. LIANSHUI PROJECT**

- 2.1 The Lianshui Project is anticipated to comprise, *inter alia*, the construction of two coal-fired boilers each with a capacity of 40 tonnes per hour, as well as steam distribution pipelines to supply steam to companies operating in the Zone. Construction of Phase 1 of the Lianshui Project is anticipated to commence in the first quarter of 2016 and to begin operations in the second half of 2016.
- 2.2 The Lianshui Project is a BOT project with a concession period of no longer than 30 years ("**Concession Period**"). After the expiry of the Concession Period, the Facility, comprising the Lianshui Project, will be transferred to the relevant local governmental authority.
- 2.3 The Lianshui Project is not expected to have a material impact on the net tangible assets per share and earnings per share of the Company and the Group for the financial year ending 31 December 2016.
- 2.4 None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Lianshui Project.
- 2.5 The Company will make further announcements in relation to the Lianshui Project, including the incorporation of the JV Co and the actual disbursement of the net proceeds from the Placement, at the appropriate time in compliance with the requirements under the Listing Manual of the SGX-ST.

## **BY ORDER OF THE BOARD**

**Mr Ma Ming**  
Executive Director  
21 January 2016