



SUNPOWER GROUP LTD.
(Company Registration No. 35230)
(Incorporated in Bermuda with limited liability)

UPDATE ON THE LIANSHUI PROJECT

- ENTRY INTO SUPPLEMENTARY AGREEMENT AND STEAM SUPPLY AGREEMENT BY A SUBSIDIARY

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Sunpower Group Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its subsidiary, Lianshui Sunpower Clean Energy Co., Ltd. (涟水中圣清洁能源有限公司) (“**Lianshui Sunpower**”), which is 95% held by the Group (namely, Sunpower Clean Energy Investment (Jiangsu) Group Co., Ltd. and Jiangsu Sunpower Clean Energy Co., Ltd.) and 5% held by Huai'an Qinglian Environmental Protection Engineering Co., Ltd. (淮安清涟环保工程有限公司) (“**Huai'an Qinglian**”), a subsidiary of the Central Management Committee of the Jiangsu Lianshui Economic Development Zone (the “**Central Management Committee**”) (江苏涟水经济开发区管理委员会), has entered into the following agreements in respect of the existing centralised steam build-operate-transfer project (the “**Lianshui Project**”) in Jiangsu Lianshui Economic Development Zone (the “**Zone**”):

- (a) a supplementary agreement to the Existing Agreement (as defined below) (the “**Supplementary Agreement**”); and
- (b) a steam supply agreement with a state-owned entity, China Energy (Jiangsu Huai'an) Energy Development Co., Ltd. (“**China Energy Jiangsu Huai'an**”), a subsidiary of China Energy Group Jiangsu Electric Power Co., Ltd. (“**China Energy Jiangsu**”) (the “**Steam Supply Agreement**”).

2. BACKGROUND TO THE SUPPLEMENTARY AGREEMENT AND STEAM SUPPLY AGREEMENT

In 2016, the Group and Huai'an Qinglian Environmental Protection Engineering Co., Ltd. (“**Huai'an Qinglian**”), a subsidiary of the Jiangsu Lianshui Economic Development Zone's Central Management Committee, established Lianshui Sunpower to develop a centralised steam facility (the “**Existing Facility**”) under a 30-year exclusive concession (the “**Concession**”) from 24 February 2016 to 23 February 2046. Since Q4 2017, Lianshui Sunpower has been operating the Existing Facility to supply steam within the Zone.

A state-owned entity, namely, China Energy Jiangsu, expressed its interest to explore a potential collaboration with the County Government of Lianshui County (the “**County Government**”) to invest in a new steam generation facility within Lianshui county (the “**New Facility**”). The County Government and China Energy Jiangsu thereafter entered into negotiations with Lianshui Sunpower.

Following negotiations held at arm's length, the parties entered into the Supplementary Agreement and Steam Supply Agreement on 18 June 2025.

3. SALIENT TERMS OF THE SUPPLEMENTARY AGREEMENT AND STEAM SUPPLY AGREEMENT

- 3.1. The Supplementary Agreement, which is an addendum to the Existing Agreement, contains

(among other things) the following salient terms:

- (a) China Energy Jiangsu Huai'an shall construct the New Facility in another location in Lianshui County. After the New Facility is operational, connected to Lianshui Project's existing steam supply pipeline network and stably supplying steam to Lianshui Sunpower for three months after the connection to Lianshui Project's existing pipeline, the Existing Boilers will be shut down. The Central Management Committee shall compensate the Lianshui Project for the shutdown of the Existing Boilers, land, ancillary facilities and equipment, and other in-plant assets (the "**Shutdown Assets**") for an amount of RMB 76.5 million (the "**Compensation Amount**"). The Compensation Amount will be paid into an escrow account and thereafter paid to Lianshui Sunpower after the completion of construction of the New Facility but prior to the commencement of construction of the New Facility's main pipeline that is to be connected to the main pipeline of Lianshui Project.

Based on the Company's current estimate, the Compensation Amount is close to the carrying amount of the Shutdown Assets of Lianshui Project upon their shutdown.

Certain pre-conditions of the Supplementary Agreement shall be satisfied prior to the New Facility's connection to the Existing Project's steam supply pipeline network. Based on the Company's current reasonable estimates, the key pre-conditions are not expected to be met in FY2025.

- (b) The Central Management Committee and the County Government shall guarantee that Lianshui Sunpower's rights under the Concession shall remain unchanged after the shutdown of its Existing Boilers and the transfer of the Shutdown Assets.
- (c) If the steam supplied by the New Facility is inadequate and results in loss of expected investment return, the Concession Period may be extended beyond the original 30 years.

3.2. The Steam Supply Agreement sets out (among other things) the following key terms:

- (a) China Energy Jiangsu shall supply steam to Lianshui Sunpower in accordance with agreed parameters and pricing.
- (b) China Energy Jiangsu Huai'an shall not sell steam directly, indirectly or in any other way to users in the Zone except to Lianshui Sunpower, while Lianshui Sunpower shall not sell steam directly, indirectly or in any other way to the users outside the Zone.
- (c) Lianshui Sunpower remains the exclusive steam supplier within the Zone and retains the right to set customer pricing, subject to government guidance.
- (d) If China Energy Jiangsu Huai'an infringes on Lianshui Sunpower's rights under the Concession, Lianshui Sunpower may seek compensation and damages from China Energy Jiangsu Huai'an according to the Steam Supply Agreement. If China Energy Jiangsu Huai'an fails to supply steam to the Lianshui Project without any justifiable reason under the Steam Supply Agreement, China Energy Jiangsu Huai'an shall be liable to compensate for losses, including reasonable claims from end-customers and reasonable costs incurred by Lianshui Sunpower in dealing with these matters.

3.3. The shutdown of the Existing Facility is not expected to have material impact on the consolidated net tangible assets per share or earnings per share of the Company and the Group for the current financial period ending 31 December 2025.

3.4. None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Lianshui Project, other than through their respective shareholdings in the Company (if any).

3.5. The Company will make further announcements on any material developments to update

shareholders of the Company as and when appropriate.

BY ORDER OF THE BOARD

GUO HONGXIN

Non-Executive Chairman

18 June 2025