



SUNPOWER GROUP LTD.

(Company Registration No. 35230)

(Incorporated in Bermuda with limited liability)

SUNPOWER SECURED A RMB 338 MILLION BUILD-OWN-OPERATER ("BOO") FOR CENTRALISED HEAT TRANSFER OIL PROJECT IN SHANDONG PROVINCE, CHINA

1. INTRODUCTION

- 1.1 We, Sunpower Group Ltd. (the "**Company**" and its subsidiaries and associated companies, the "**Group**") are pleased to announce that the Company had, through its wholly-owned subsidiary, Sunpower Technology (Jiangsu) Co., Ltd. (中圣科技(江苏)有限公司) ("**Sunpower Technology**"), entered into an **exclusive** concession agreement ("**Concession Agreement**") with the Management Committee of the Shandong Changyi Binhai Economic Development Area Liutuan Industrial Park in Changyi City, Shandong Province, China, to build and operate a centralised heat transfer oil facility ("**Facility**") in the Liutuan Industrial Park (the "**Industrial Park**") (the "**Liutuan Project**").
- 1.2 The Liutuan Project is expected to be carried out by a joint venture company ("**JVC**"), between Sunpower Technology and a local company, with Sunpower Technology owning 75% of the JVC. The Company will make an announcement in due course as and when the JVC is incorporated.
- 1.3 The Liutuan Project will be carried out in phases. The total investment amount is estimated to be RMB338 million (approximately S\$70 million), and phase 1 of the Liutuan Project ("**Phase 1**") is expected to be approximately RMB 250 million (approximately S\$52 million)¹. The investment amount of the Liutuan Project will be funded by the net proceeds from the proposed issue of convertible bonds of an aggregate principal amount of US\$110 million ("**Proposed Convertible Bonds Issue**")², bank loans and/or internal resources.

2. LIUTUAN PROJECT

- 2.1 Phase 1 will involve the construction of pulverized coal-fired heat transfer oil boilers, pulverized coal center and distribution pipelines to supply heat transfer oil to dyeing companies in the Industrial Park. Phase 1 construction work is expected to be completed by end-2017 and operation is expected to commence in the first quarter of 2018.
- 2.2 The Liutuan Project has a concession period of 30 years commencing on the date of operation.
- 2.3 Pursuant to the terms of Concession Agreement, once the Facility is in operation with the capability of supplying heat by heat transfer oil, all existing small coal-fired boilers which do not meet the requirements of applicable national and provincial environmental protection policies will be required to shut down in the Industrial Park.

¹ Calculated based on the exchange rate of RMB4.83: S\$1.

² Shareholders should note that the proposed issue of convertible bonds due 2022 of an aggregate amount of US\$110 million is subject to conditions precedent being fulfilled including, *inter alia*, the approval of shareholders of the Company at a special general meeting for resolutions relating to the Proposed Convertible Bonds Issue and the approval-in-principle of the Singapore Exchange Securities Trading Limited for the listing of and quotation for the conversion shares (if any) pursuant to the Proposed Convertible Bonds Issue. Please refer to the Company's announcement dated 14 December 2016 for more information.

- 2.4 The Liutuan Project is expected to have a positive impact on the Group for the financial year ending 31 December 2017 and to generate recurring income from 2018.
- 2.5 None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Liutuan Project, other than through their respective shareholdings in the Company (if any).

BY ORDER OF THE BOARD

Mr Ma Ming
Executive Director
16 January 2017