



SUNPOWER GROUP LTD.

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

SUNPOWER SUBSIDIARY SECURED A 51% STAKE IN UP TO RMB1.6 BILLION COGENERATION PLANT OF THE PPP PROJECT IN SHANTOU CITY, GUANGDONG PROVINCE, CHINA – UPDATE

1. INTRODUCTION

The Board of Directors (the "**Board**") of Sunpower Group Ltd. (the "**Company**" and its subsidiaries (the "**Group**")) refers to the Company's announcement dated 7 December 2016 (the "**Announcement**") in relation to the award of a RMB3.2 billion public-private-partnership project in Shantou Chaonan, Guangdong Province, China (the "**Shantou Project**") to a consortium comprising Sunpower Technology (Jiangsu) Co., Ltd. (中圣科技(江苏)有限公司, a wholly-owned subsidiary of the Group) ("**Sunpower Technology**"), CITIC Envirotech Ltd. (中信环境技术有限公司) ("**CEL**") and Guangdong Keying Zhiran Environmental Co., Ltd. (广东科营织染环保有限公司) ("**Guangdong KZ**").

Unless otherwise defined, capitalised terms used in this announcement shall bear the same meaning as ascribed to them in the Announcement.

2. UPDATE ON THE SHANTOU PROJECT

- 2.1 Sunpower Technology has entered into a joint venture agreement with CITIC Envirotech (Shantou) Integrated Dyestuff Environmental Development Co., Ltd. (中信环境(汕头)印染环保综合开发有限公司) ("**CES**") and Guangdong KZ by incorporating a joint venture company ("**JVC**") in connection with the Shantou Project. The JVC will have a total registered capital of RMB 260 million. Sunpower Technology will own 51% of the shareholding of the JVC while CES and Guangdong KZ will own 10% and 39% respectively.
- 2.2 CES was incorporated by CEL, Guangdong KZ and Chaonan District Dyeing Park Management Company ("**Chaonan MC**") for purposes of the Shantou Project, which includes the wastewater treatment, water recycling plant and cogeneration plant. Guangdong KZ is a local company set up by the Shantou Printing and Dyeing Association comprising members of the printing and dyeing enterprises. CEL owns 51% of the shareholding of CES while Guangdong KZ and Chaonan MC each own 24% and 25% respectively. Sunpower is not a shareholder of CES and does not have any financial interest in CES.
- 2.3 Pursuant to the terms of concession agreement relating to the Shantou Project entered into between CES and the Shantou Chaonan local government, CES will authorise the JVC to undertake the investment, design, build and operation of the cogeneration plant under the Shantou Project in Shantou City.
- 2.4 The total project value of the cogeneration plant is estimated to be up to approximately RMB1.6 billion (approximately S\$331 million)¹ and will be completed in 2 phases. The investment in Phase 1 is estimated to be approximately RMB700 million (approximately S\$144.9 million) by the JVC and the building of the cogeneration plant will commence as soon as practicable and is expected to complete by the first half of 2018. The Company's

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

investment in the Shantou Project via the JVC 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.

- 2.5 Barring any unforeseen circumstances, the cogeneration plant project is expected to have a positive impact on the Group's FY2017 and FY2018 financial results and is expected to generate recurring income after the completion of the cogeneration plant in first half of 2018.

3. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 3.1 Dr Lin Yucheng, a substantial shareholder of the Company, is the Group CEO and Executive Director of CEL, which is a member of the Shantou Project consortium and which subsidiary, CES, will be a shareholder of the JVC.
- 3.2 Save as disclosed, none of the Directors or substantial shareholders of the Company has any interest, directly or indirectly, in the Shantou Project, other than through their respective shareholdings in the Company (if any).

4. FURTHER ANNOUNCEMENTS

The Company will make further announcements as and when appropriate.

BY ORDER OF THE BOARD

Mr Ma Ming
Executive Director

18 January 2017

2 Shareholders should note that the Proposed Convertible Bonds Issue 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.