



# SUNPOWER GROUP LTD.

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

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## COMPLETION OF ACQUISITION OF 71% EQUITY INTEREST IN XINTAI ZHENGDA THERMOELECTRIC CO. LTD.

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### 1. INTRODUCTION OF THE ACQUISITION

- 1.1 The board of directors (the “**Board**”) of Sunpower Group Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限公司) (“**Sunpower Clean Energy**”), a wholly-owned subsidiary of the Company, has completed the acquisition of a 71% equity interest in Xintai Zhengda Thermoelectric Co., Ltd. (新泰正大热电有限责任公司) (“**Xintai Zhengda**”) (the “**Acquisition**”).

The Acquisition comprises a 51% stake from 33 individual shareholders and 20% from Xintai Balanced Urban and Rural Development Co., Ltd., a state-owned enterprise in Shandong province.

- 1.2 The aggregate purchase consideration for the Acquisition is RMB66.5 million (the “**Consideration**”) which will be satisfied in cash, and funded by the Group’s internal resources, bank loans and net proceeds from the Convertible Bonds Issue.

The Consideration was arrived at after arm’s-length negotiations on a willing-buyer, willing-seller basis, and after taking into consideration the value of Xintai Zhengda based on a valuation report (“**Valuation Report**”) issued by Beijing Hwasion Concord Assets Appraisal Co., Ltd. (北京华信众合资产评估有限公司). According to the Valuation Report, the fair value of a 100% equity interest is RMB93.7 million as at 30 September 2017.

### 2. ABOUT XINTAI ZHENGDA

- 2.1 Situated in Xintai City, Shandong Province, Xintai Zhengda’s principal business includes the supply of steam and heat as well as the sale of electricity to the local grid through its existing facilities in the city center.
- 2.2 The existing facilities will remain in normal operation prior to the completion of the new facilities, fulfilling the requirements of current customers in the local area. In addition, the local government will provide compensation for the mandatory relocation of the existing facilities. Currently, phase one of the new facilities is under construction with design capacities of 1\*130t/h biomass boiler and 1\*30MW electricity generator, 2\*130t/h coal-fired boilers and 1\*18MW electricity generators.
- 2.3 Xintai Zhengda is the exclusive centralized steam/electricity plant serving the entire northern part of Xintai City, according to a directive document issued by the Xintai Government in 2018.

### 3. RATIONALE OF THE ACQUISITION

**The Company has entered into the Transaction for various factors including the following:**

- a. **Continued execution of strategy to build a sizable Green Investments (GI) portfolio that generates long-term and high-quality recurring income and cashflows**

The Group has set out its medium-to-long term strategy to focus on building a sizable GI portfolio of assets as its value creator and growth driver. Such a GI portfolio, if successfully built and realized, will deliver high net present value to the Group. The Acquisition is aligned with the Group's strategy to further expand its GI business by leveraging on its unique competitive edge and first mover advantages.

**b. There is large growth potential for the business once the new facilities are operational**

The existing facilities of Xintai Zhengda have a proven track record of delivering steam, heat and electricity. The government's increased efforts to counter air pollution and concentrate manufacturing in industrial parks have led to the progressive mandatory closures of small inefficient boilers in the region. Coupled with the expected organic expansion of the industrial park and the planned expansion of the manufacturing plants within the park, the Group sees large growth potential in Xintai Zhengda's business.

**c. Xintai Zhengda is a de facto monopolistic steam supplier in the north of Xintai City**

According to the directive document issued by the government of Xintai city in March 2018, Xintai Zhengda is the exclusive centralized steam plant serving diverse industries and residents in the northern part of the city. This ensures the recurring demand for the steam generated by Xintai Zhengda.

The Board has conducted an internal assessment of the Acquisition and is of the view that it is in the ordinary course of business of the Group as the Target's principal business activities are in line with the Company's existing businesses. The Acquisition will not change the risk profile of the Company but will result in an expansion of the Company's existing core business of Green Investments, further details of which can be found in the Group's most recently published annual report for the financial year ended 31 December 2017, as well as the Circular.

**4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- 4.1. None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company (if any).

**5. OTHERS**

- 5.1. The Proposed Acquisition 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 2018.
- 5.2. The Company will make further announcements the actual disbursement of the net proceeds from the convertible bonds issue on 3 March 2017, at the appropriate time in compliance with the requirements under the Listing Manual of the SGX-ST.

**BY ORDER OF THE BOARD**

**Ma Ming**  
Executive Director  
6 July 2018