

Sunpower's Xinyuan Plant to expand clean heating supply coverage area in Qingdao

Highlights

- **Xinyuan Plant to expand its coverage area in Qingdao City with the signing of a concession agreement to supply clean heating to a two million m² area in Jimo International Trade Park**
 - **Companies and residents gradually settling into area's current large-scale commercial complexes and residential communities, with more business enterprises under planning**
 - **Steam demand expected to grow as the demand pool for heating is expected to be enlarged, benefiting Xinyuan's capacity utilisation and improving its contributions to the Group**
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SINGAPORE – 26 January 2021 - Mainboard-listed Sunpower Group Ltd. (“中聖集團”, “Sunpower” or the “Group”) (SGX: 5GD.SI), an environmental protection solutions specialist with a strong focus on expanding its anti-pollution investment business (“Green Investments” or “GI”) which generates long-term intrinsic value in the form of recurring income and cash flows, today announced that its 85%-owned subsidiary company, Qingdao Xinyuan Thermal Power Co., Ltd. (青島新源熱電有限公司, (“Xinyuan Plant”)) has entered into a concession agreement with the Jimo International Trade City Management Committee (即墨國際商貿城管理委員會) (the “Agreement”) to supply a two million m² area in Jimo International Trade Park (即墨國際商貿城) (the “Park”) with clean heating. The addition of this concession will expand Xinyuan Plant's existing supply coverage area in Qingdao City of Shandong Province.

Built with the intent to create the largest, strongest, highest-grade business and logistics cluster in northern China, the Park is a concentrated area that integrates commercial complexes and residential projects, and its total planned construction area is expected to exceed six million m². Of this six million m², the area covered by Xinyuan Plant's concession is two million m². The infrastructure construction for Xinyuan Plant's concession coverage area has been completed, and more companies and residents are gradually settling in, which can be expected to gradually increase the demand for steam of Xinyuan Plant in the future.

Xinyuan Plant is a Combined Heat and Power (CHP) plant engaged in the supply of steam to industrial enterprises, the provision of clean heating to residential households and the sale of electricity to the State Grid. The signing of the Agreement will expand the supply coverage area of Xinyuan Plant in Qingdao City. As the number of users within the coverage area increases, the demand pool for heating

will be enlarged and this can be expected to lead to rising demand for steam, thus benefiting Xinyuan Plant's capacity utilisation ramp-up. The resulting higher recurring income and cash flows are expected to improve the investment returns of the plant without additional capacity increase.

Additionally, according to the "Clean Winter Heating Plan in Northern China (2017-2021)", "北方地区冬季清洁取暖规划 (2017-2021 年)"¹ which includes Shandong Province where Xinyuan Plant is located, the clean heating² rate in the northern region is targeted to increase to 70% or to 11 billion m² by 2021. Specifically, the use of facilities that utilise clean ultra-low-emission coal such as CHP plants and low-emission boilers is targeted to increase, and this can be expected to benefit Xinyuan Plant.

Mr. Guo Hongxin, Executive Chairman of Sunpower, commented: "Our success in securing the agreement for the heating supply concession rights in the Park is due to our consistency in meeting project requirements, our proven project management capability, high level of professionalism and the technological strengths of the GI business. Securing this opportunity is a testament to our acumen in identifying high-quality projects with growth potential, while the track record of our GI projects lays a strong foundation to clinch more such opportunities in the future."

He continued, "We will continue to advance the development of the GI business, the Group's primary value creator and growth driver that generates long-term high-quality recurring income and cash flows. The Group is building a high quality GI asset portfolio to take advantage of the enormous potential of the anti-smog market in China. Of our portfolio of 11 GI projects, 9 are currently operational or have commenced trial production operations, while others such as the new facility of Xintai Zhengda Project, Shantou Project phase 2, Tongshan Project and Shanxi Xinjiang Project are under construction."

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About Sunpower Group Ltd.

Founded in 1997, Sunpower Group Ltd. (SGX: 5GD.SI) is an environmental protection solutions specialist in proprietary energy saving and clean power technologies, with a strong focus on expanding into anti-pollution investment projects ("Green Investments") which generate intrinsic value in the form of long-term, recurring and high-quality cash flows.

With proven capabilities in technology innovation and proprietary clean energy solutions, Sunpower is shaping a green future for itself by continuously developing its business segments of Green Investments (GI) and Manufacturing & Services (M&S). Sunpower has rapidly expanded its GI business in recent

¹ Source: http://www.gov.cn/xinwen/2017-12/20/content_5248855.htm

² Clean heating refers to the use of natural gas, electricity, geothermal, biomass, solar energy, industrial waste heat, ultra-low emission clean coal, nuclear energy and other clean energy to achieve low-emission and low-energy heating methods

years by leveraging on its existing core technologies of high-efficiency heat transfer, long distance heat insulated steam distribution, energy saving and ultra-low emission clean power generation. The GI segment is mainly focused on the investment and operation of centralised steam and electricity supply business, which is expected to bring in additional stream of recurring income to the Company.

In the M&S segment, Sunpower has delivered superior quality products and services to approximately 1,500 customers in over 30 countries across the globe to-date. Its reputable customer base includes Wanhua Chemical, Hengli Petrochemical, China National Offshore Oil Corporation (CNOOC), China National Petroleum Corporation (CNPC), China Petrochemical Corporation (SINOPEC), ExxonMobil, BASF, BP, Shell, etc.

For more information, please refer to: <http://en.sunpower.com.cn>

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