

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

PROPOSED PLACEMENT OF 2,542,000 TREASURY SHARES IN THE CAPITAL OF SUNPOWER GROUP LTD.

1. INTRODUCTION

The Board of Directors of Sunpower Group Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company has today entered into placement letters (collectively, the "**Placement Letters**") with each of the Placees (as defined below), pursuant to which the Placees will subscribe for, and the Company will allot and issue to the Placees, an aggregate of 2,542,000 treasury shares (each a "**Placement Share**") in the capital of the Company at an issue price of S\$0.368 for each Placement Share (the "**Placement Price**"), amounting to an aggregate gross consideration of S\$935,456 (the "**Proposed Placement**").

As at the date of this Announcement, the Company has an issued capital of 791,806,142 ordinary shares (excluding treasury shares) ("**Shares**"). Immediately following the completion ("**Completion**") of the Proposed Placement, and assuming that there is no conversion of the convertible bonds (the "**Convertible Bonds**") of an aggregate principal amount of up to US\$130 million issued by the Company to DCP Capital Partners L.P. and CDH China Management Company Limited (through their respective affiliates) as at the date of this announcement, the Company will have an enlarged issued and paid-up capital of 794,348,142 Shares of the Company. The Placement Shares would represent approximately 0.321% of the issued Shares of the Company as at the date of this Announcement and approximately 0.320% of the issued Shares comprised in the enlarged share capital of the Company immediately after completion of the Proposed Placement.

2. DETAILS OF THE PROPOSED PLACEMENT

2.1 Placees and Placement Shares

Pursuant to the Placement Letters, the following persons (the "**Placees**") will subscribe for, and the Company will allot and issue to them, the Placement Shares at the Placement Price in the numbers and for the consideration set out below.

Name of Placee	Number of Placement Shares	Percentage shareholding of the enlarged issued share capital of the Company¹	Consideration (S\$)
Lyu Wei	600,000	0.076%	220,800
Xiong Hanqing	491,000	0.062%	180,688
Li Qingshuang	491,000	0.062%	180,688

¹ The percentage shareholding of each Placee immediately after Completion of the Proposed Placement assumes that there is no conversion of the Convertible Bonds issued by the Company.

Wang Hui	240,000	0.030%	88,320
Feng Keke	240,000	0.030%	88,320
Yang Yuanyuan	240,000	0.030%	88,320
Zhou Hongyan	240,000	0.030%	88,320
Total	2,542,000	0.320%	935,456

The Placees are key employees ("**Key Employees**") of the Company and the Proposed Placement is being undertaken by the Company as part of the Company's remuneration framework in recognition of the contributions and importance of the Placees to the Company. The Company did not appoint any placement agent for purposes of the Proposed Placement, and no commission or introduction fees is payable by the Company.

The Proposed Placement will not result in a change of controlling interest in the Company. The Placees are also not related to any Directors or substantial shareholders of the Company and do not fall within the category of persons listed in Rule 812(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

The Placement Shares, when allotted and issued, shall rank *pari passu* with, and shall carry all rights similar to, the then existing issued ordinary shares of the Company, except that they will not rank for any dividend, right, allotment or other distributions, before the completion of the Proposed Placement.

2.2 Placement Price

The Placement Price of S\$0.368 represents a discount of approximately 54% to the volume weighted average price of S\$0.8002 for trades done on the shares of the Company on the SGX-ST for the full market day on 29 March 2021, being the market day on which the Placement Letters were executed (the "**Last Full Market Day**").

The Placement Price is based on the average original purchase price paid by the Company for the buy-back of the Placement Shares of S\$0.368 per Share, which were purchased by the Company pursuant to its share buy-back mandate in January 2019 and was arrived at following arm's length negotiations between the Company and the Placees.

2.3 Additional Listing Application

The Proposed Placement will be undertaken pursuant to Section 273(1)(i) of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"). As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore ("**MAS**") in connection with the issuance of the Placement Shares.

The Company will be making an application to the SGX-ST for the listing of and quotation for the Placement Shares on the Official List of the SGX-ST. The Company will make the necessary announcements once the approval in-principle of the listing and quotation of the Placement Shares has been obtained from the SGX-ST.

2.4 Authority for Issue of Shares

As the Placement Price of S\$0.368 for each Placement Share is at a 54% discount to the weighted average price of S\$0.8002 of the Shares for trades done on the SGX-ST on the Last Full Market Day, in view of Rule 811(1) of the Listing Manual, read with Rule 811(3) of the Listing Manual, the Company will be seeking, by way of ordinary resolution, shareholders' approval for the Proposed Placement at a special general meeting ("**SGM**") to be convened and held. A

circular to shareholders containing further information, together with the notice of the SGM, will be despatched to shareholders in due course.

2.5 Conditions Precedent

Completion of the Proposed Placement is conditional upon:

- (a) the approval in-principle of the SGX-ST for the listing of and quotation for the Placement Shares on the Main Board of the SGX-ST having been obtained and such approval being in full force and effect, and where such approval is subject to conditions, (i) such conditions being reasonably acceptable to the Company and the Placees and (ii) if such conditions are required to be fulfilled on or before Completion, such conditions having been fulfilled on or before such date, and such approvals remaining in full force and effect as of Completion;
- (b) the approval by the Company's shareholders of the Proposed Placement at the SGM and such approval remaining in full force and effect as of Completion;
- (c) the allotment, issue and subscription of the Placement Shares and all the transactions contemplated in the Placement Letters not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Letters by any legislative, executive or regulatory body or authority (including, without limitation, the MAS and the SGX-ST) in Singapore, which is applicable to either the Company or the Placees, including but not limited to the provisions of the SGX-ST Listing Manual or the SFA; and
- (d) the representations, warranties and undertakings by the Placees remaining true and correct in all material respects as if made on the date of Completion, with reference to the then existing facts and circumstances, and each of the Placees and the Company having performed all of its/his obligations under the Placement Letters to be performed on or before Completion.

Completion of the Proposed Placement will take place on the date falling thirty (30) days (or such other date as may be agreed between the Company and the Placees) after all the conditions precedent set out above have been satisfied or waived (as the case may be).

2.6 Rationale and Use of Proceeds

The Company believes that the Proposed Placement will provide an effective manner of motivating the Key Employees to maximise their performance, which will in turn create better value for the Company and its shareholders.

The Proposed Placement is part of the Company's overall remuneration framework for the Key Employees to incentivise and retain talent. The Proposed Placement does not fall within the framework of the Sunpower Employee Share Option Scheme 2015, as the Proposed Placement does not contemplate the grant of options with a corresponding exercise price and applicable exercise period, to the Key Employees, but instead contemplates a placement of Shares to the Key Employees not requiring a further exercise of any options on their part. Accordingly, the Proposed Placement is not being carried out via the Sunpower Employee Share Option Scheme 2015. The Company proposes to undertake the Proposed Placement for the purpose of rewarding and incentivising the Key Employees, in recognition of their contributions made and importance to the Company. The majority of the Key Employees have not been granted any options previously under the Sunpower Employee Share Option Scheme 2015.

The Proposed Placement will also allow the Key Employees to participate in the development of the Company and align their interests with those of the Company's. This would motivate the Key Employees to greater dedication, loyalty and higher standards of performance and retain the Key Employees to support the execution of strategy of the Company and improve the overall performance of the management and operations of the Company.

The estimated net proceeds (the "**Net Proceeds**") from the Proposed Placement, after deducting estimated expenses, will amount to approximately S\$860,000.

Given that the rationale for the Proposed Placement and consequently, the amount of Net Proceeds to be raised, and after taking into account the Group's working capital position, the Company intends to use all of the Net Proceeds of approximately S\$860,000 for its general working capital purposes, such as the procurement of raw materials required for operation of plants used in the Group's green investment business segment, as the operation of such plants require general working capital to procure feedstock or other raw materials.

Pending the utilisation of the Net Proceeds for such purposes, such proceeds may be placed in deposits with banks or financial institutions or invested in short-term money markets or debt instruments or for any other purpose on a short-term basis as the directors may, in their absolute discretion, deem fit in the interests of the Company from time to time.

The Company will make periodic announcements on the utilisation of the Net Proceeds from the Proposed Placement as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use and is in accordance with the percentage allocated, and provide a status report of the use of proceeds from the Proposed Placement in the Company's annual report.

2.7 Financial Effects

As at the date of this Announcement, the issued and paid-up share capital of the Company comprises 791,806,142 Shares (excluding treasury shares). On Completion, and assuming that there is no conversion of the Convertible Bonds issued by the Company, the issued and paid-up share capital will increase to approximately 794,348,142 Shares.

The pro forma financial effects of the Proposed Placement have been prepared based on (i) the audited consolidated financial statements of the Group for the financial year ended 31 December 2019 and (ii) the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2020 and are on the following bases and assumptions:

- (a) the financial effect on the consolidated net asset value ("**NAV**") per Share is computed based on the assumption that the Proposed Placement had been completed on 31 December 2019 and 31 December 2020, respectively; and
- (b) the financial effect on the Earnings per share ("**EPS**") or the Losses per Share ("**LPS**") is computed based on the assumption that the Proposed Placement had been completed on 31 December 2019 and 31 December 2020, respectively.

NAV per Share

The pro forma effect of the Proposed Placement on the NAV per Share of the Company is as follows:

	Before the Proposed Placement (Without financial effects of Convertible Bonds and Warrants)	After the Proposed Placement (Without financial effects of Convertible Bonds and Warrants)	Before the Proposed Placement (With financial effects of Convertible Bonds and Warrants)	After the Proposed Placement (With financial effects of Convertible Bonds and Warrants)
NAV attributable to Shareholders (RMB'000) as at 31 December 2019	1,851,320	1,855,907	1,733,298	1,737,885
Total number of issued Shares as at 31 December 2019 (Excluding Treasury Shares)	789,306,142	791,848,142 ⁽¹⁾	789,306,142	791,848,142 ⁽¹⁾
NAV per Share as at 31 December 2019 (RMB)	2.35	2.34	2.20	2.19

NAV attributable to Shareholders (RMB'000) as at 31 December 2020	2,221,750	2,226,371	1,671,153	1,675,774
Total number of issued Shares as at 31 December 2020 (Excluding Treasury Shares)	789,306,142	791,848,142 ⁽¹⁾	789,306,142	791,848,142 ⁽¹⁾
NAV per Share as at 31 December 2020 (RMB)	2.81	2.81	2.12	2.12

Earnings/Losses per Share

The pro forma effect of the Proposed Placement on the LPS of the Company are as follows:

	Before the Proposed Placement (Without financial effects of Convertible Bonds and Warrants)	After the Proposed Placement (Without financial effects of Convertible Bonds and Warrants)	Before the Proposed Placement (With financial effects of Convertible Bonds and Warrants)	After the Proposed Placement (With financial effects of Convertible Bonds and Warrants)
Profit/(Loss) after tax attributable to Shareholders (RMB'000) as at 31 December 2019	352,202	352,202	138,042	138,042
Weighted average number of Shares as at 31 December 2019	779,268,037	781,810,037 ⁽¹⁾	779,268,037	781,810,037 ⁽¹⁾
EPS as at 31 December 2019 (RMB)	0.45	0.45	0.18	0.18
Profit/(Loss) after tax attributable to Shareholders as at 31 December 2020 (RMB'000)	377,024	377,024	(55,551)	(55,551)
Weighted average number of Shares as at 31 December 2020	789,306,142	791,848,142 ⁽¹⁾	789,306,142	791,848,142 ⁽¹⁾
EPS/(LPS) as at 31 December 2020 (RMB)	0.48	0.48	(0.07)	(0.07)

Note:

- (1) The total number of issued Shares and weighted average number of Shares after the Proposed Placement represents the aggregate of the total number of issued Shares and weighted average number of Shares before the Proposed Placement on 31 December 2019 or 31 December 2020, as the case may be, plus the new Placement Shares which will be placed to the Placées following Completion of the Proposed Placement.

It should be noted that the above financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the financial results and financial position of the Company and the Group immediately after the completion of the Proposed Placement.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Placement (other than their direct or indirect shareholdings in the Company).

Shareholders of the Company and potential investors should note that the Proposed Placement is subject to the fulfilment of, *inter alia*, the conditions precedent set out above and accordingly should exercise caution when trading in the Shares of the Company. Persons who are in doubt as to the action they should take should consult their financial, tax, legal or other professional advisers.

BY ORDER OF THE BOARD

Ma Ming
Executive Director
29 March 2021