

SUNPOWER GROUP LTD.

Investor Presentation

27 February 2020

Agenda

- 1 Sunpower Group at a Glance
- 2 Investment Highlights
- 3 GI Performance
- 4 Financial Highlights
- 5 Q&A Session

Sunpower Group at a Glance



- **Environmental Protection Solutions Specialist:** Energy-saving solutions, waste heat recovery, clean power
- **>20 Years of Proven Track Record:** Established in 1997, listed on SGX since 2005
- **Strong R&D Capabilities:** 163 patents, including 61 invention patents
- **Business segments:** Green Investments (GI) and Manufacturing and Services (M&S)
- **Group revenue and underlying net profit⁽²⁾ in 2019** reached record highs of RMB3.6 billion and RMB352 million, respectively. **Underlying operating cashflow⁽³⁾** rose 88% YoY to RMB463 million

Green Investments (GI)

8 projects in operation + **1** in trial operation. Strong FY2019 with segment result⁽¹⁾ of RMB326 million (+**66% YoY**), EBITDA of RMB433 million (+**57% YoY**) and operating cashflow generated by GI projects of RMB252 million (+**19% YoY**)

Long-term, recurring high-quality income and cashflows (typically **30-year** concessions + first right to renew)

High NPV of cashflows and attractive **double-digit IRR**

On target to make equity investments of **RMB2.5 billion** by 2021

Manufacturing & Services (M&S)

Revenue of **RMB2.4 billion**, profitability was further and substantially improved in 2019

Order book sustained at **RMB2.5 billion** as at Jan 2020

~1,500 customers in **>15** industries across **30** countries, of which **70%** are repeat customers

Reputable customer base, including BASF, BP, Shell,, ExxonMobil, CNOOC, CNPC, Sinopec, Wanhua and Hengli Petrochemical etc.

Top-tier position in environmental protection industry

(1) Reflect the operating income of each business segment of the Group, before interest, tax and unallocated corporate expenses as well as fair value adjustments and FX gains or losses for the CBs and warrants.

(2) True operating performance of the Group, please refer to page 25 for detailed interpretations;

(3) Underlying operating cash flow, after excluding CB interest

Sunpower Group at a Glance



Established Businesses with Stable Profits and Cashflow

Value Creator & Growth Driver

Manufacturing & Services (M&S)

Green Investment (GI)

| Manufacturing | | | Services | | | | Major Industries |
|--|---|---------------------------------|---|--|---|---------------------------------------|---|
| Main Solutions | | | Main Solutions | | | | |
| High Efficiency Heat Exchangers and Pressure Vessels |  | Pipeline Energy Saving Products |  | Flare & Flare Gas Recovery System |  | High Salinity Wastewater System (ZLD) | <ul style="list-style-type: none"> Petrochemical Chemical LNG Oil & Gas Coal Chemical Coal Mining Polysilicon New Material Metallurgy Power Plant ... |
| |  | |  | De-sulfurization & De-nitrification System |  | Thermal power engineering | |

| Main Solutions | Major Industries |
|--|---|
| <p>Centralized Steam & Electricity Facilities</p>   | <ul style="list-style-type: none"> Chemical Textile Printing & Dyeing Food Paper-making Pharmacy Leather Wood Processing Plastic recycling Fodder Chemical Fertilizer Rubber ... |

High-quality customer base in M&S segment



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- **GI, Our Value Creator and Growth Driver**
- **Well-positioned to Build Sizeable GI Portfolio**
- **GI Forms the Bulk of the Group's Value**
- **M&S: Stable and Growing with Strong Order Book ~ RMB 2.5 billion**
- **Professional and Disciplined Management Team**
- **DCP and CDH as strategic institutional investors to support the Group**

I Enormous Business Opportunities in China's Anti-smog Sector

- Government orders mandatory closure of small boilers. Manufacturing plants in industrial parks across China to use highly efficient centralised steam boilers
- Manufacturing plants are increasingly concentrated in industrial parks. Industrial parks continue to expand
- **Exclusive supplier** of steam to industrial customers within industrial parks where we typically hold **30-year concession agreements** with first right to renew such concessions

II Scarce & Realisable Assets

- **High net present value (NPV) and attractive double-digit project IRR. Long term & recurring cash flows.**
- **High quality cashflows and captive customers.** Steam, a non-discretionary input for production by our industrial customers. Pre-payment & strong tariff collections
- **Strong cashflow growth potential.** Increasing steam demand with
 - (1) Immediate cross-over demand from mandatory closure of small boilers
 - (2) Natural expansion of industrial parks

III Unique Competitive Edge

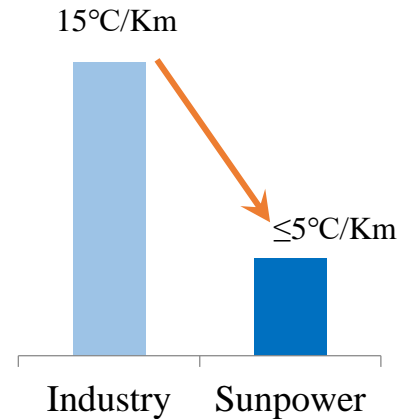


- **Proprietary energy-saving & long-distance distribution technology**
- **Experienced management with full interest alignment: strong discipline in project evaluation & low cost overrun risks**
- **Fully integrated capabilities: in-house design institute, environmental protection manufacturing & services**
- **Strong long-term capital support & shareholders base**
- **Robust pipeline with attractive projects**
- **First mover advantage: established market reputation in anti-smog sector**

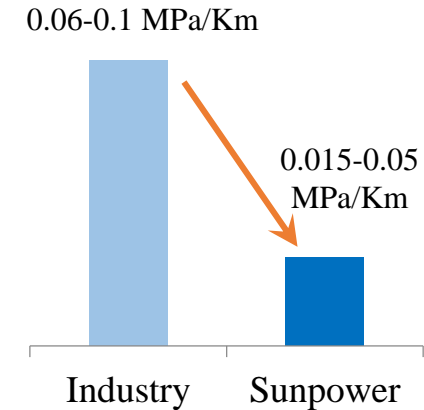
Proprietary Technologies

- **Long Distance Steam Distribution Pipelines Technology**
 - Increase geographical reach to captive customers. Achieve economies of scale
 - Reduce coal feedstock ~ minimal temperature lost in transmission
- **Environmental Protection Technology**
 - Low nitrogen combustion technology
 - Desulfurization and denitrification technology
- **Energy Saving Technology**
 - High efficiency heat exchange technology
 - Gas-gas heater technology
 - Low temperature economizer technology
- **Ability to Reform and Upgrade Acquired Plants to Improve Operation Efficiency**

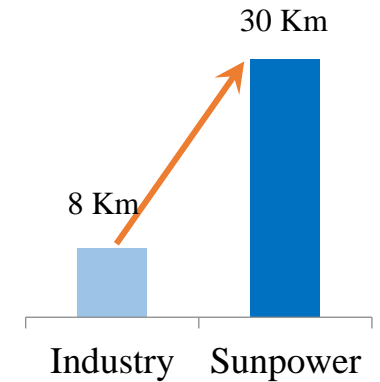
Temperature Loss



Differential Pressure



Coverage Radius



| Emission Limit (mg/m ³) | New National Standard for New Build Coal-fired Boilers ⁽¹⁾ | New National Standard for Coal-fired Power Boilers | New National Standard for Coal-fired Power Plants in Key Areas ⁽²⁾ | New National Standard for Natural Gas | Sunpower's Capability |
|-------------------------------------|---|--|---|---------------------------------------|-----------------------|
| Dust | 50 | 30 | 20 | 5 | <5 |
| Sulphur Dioxide, SO ₂ | 300 | 100 | 50 | 35 | <35 |
| Nitrogen Oxide, NO _x | 300 | 100 | 100 | 50 | <50 |

(1) Standard applies to coal-fired power-generating boilers with a unit capacity of 65 tons/hour (t/h) or below

(2) Key Area refers to Beijing-Tianjin-Hebei region, Yangtze River Delta and Pearl River Delta of China

Source: Emission Standard of Air Pollutants for Boilers enacted by Ministry of Environmental Protection of PRC.

Well-positioned to Build Sizeable GI Portfolio

| | Projects | Steam/Heat Designed Capacity | Electricity Designed Capacity | Project Equity (RMB mm) |
|----------------------------------|---|------------------------------|-------------------------------|-------------------------|
| In Operation | Changrun Project (Phase 1) | 2×220 tons/hour (t/h) | 2×25MW | 434.1 |
| | Yongxing Plant | 2×100t/h+1×150t/h | 2×18MW | 306.0 |
| | Xinyuan Plant | 3×75t/h+1×220t/h | 2×6MW+1×25MW | 85.0 |
| | Suyuan Plant | 1×90t/h+2×75t/h | 1×B7MW | 117.2 |
| | Lianshui Project | 2×40 t/h | n.a | 38.3 |
| | Quanjiao Project | 1×40 t/h | n.a | 49.2 |
| | Jining Project | n.a | n.a | 10.3 |
| In Trial Production | Shantou Project (Phase 1) | 3×150t/h | 2×20MW | 167.3 |
| Under Construction | Shantou Project (Phase 2) | 2×260t/h | 2×30MW | 132.6 |
| | Xintai Zhengda (new plant) ⁽¹⁾ | 3×130t/h | 1×35MW+1×18MW | 263.1 |
| | Tongshan Project (Phase 1) | 1×130t/h | 1×35MW | 107.1 |
| Amount invested/committed | | | | 1,710.2 |
| In Design Phase | 3 projects | n.a | n.a | 220.4 |
| Pipeline ⁽²⁾ | | n.a | n.a | 573.2 |
| Total | | | | 2,503.8 |

Notes: based on current estimates and forecast.

(1) Existing plant still in operation and will remain operational until the commissioning of the new plant

(2) Including a couple of projects in the late stage of evaluation which form part of the total pipeline of projects under evaluation valued at >RMB3.2 billion

GI Forms the Bulk of the Group Value (1)



* Phase 1 of Shantou Project is in trail production.

Green
Investments
(GI)

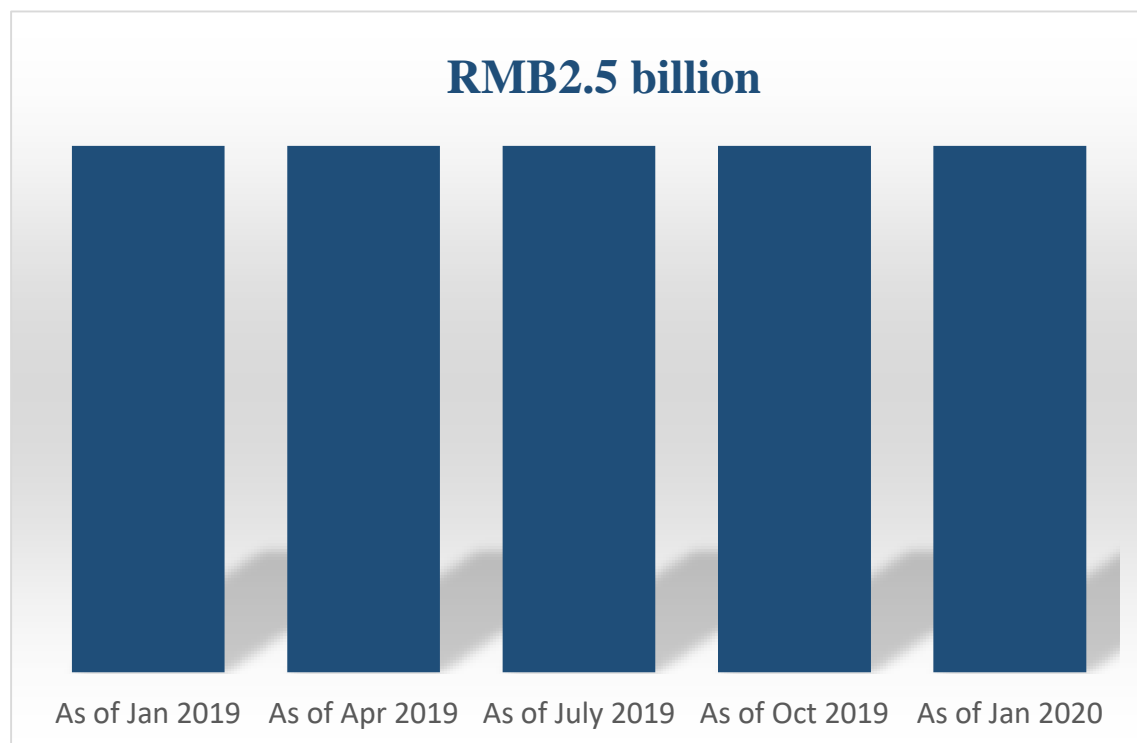


Environment
Protection
Manufacturing &
Services (M&S)

- Sunpower has seen strong ramp-up of GI operations and is well prepared for the next phase.
- Successfully enhanced into a company driven by long-term, recurring, high-quality income and cashflows.
- Target to make investment of RMB2.5 billion in GI project equity by 2021.
- Look to secure more earnings accretive M&As. Strong attractive pipeline of projects under evaluation.
- Aim to deliver long-term NPV of future cashflows, substantially higher than current contributions.

(1) Based on invested capital

Order book remains strong and has sustained at RMB2.5 billion for 5 consecutive quarters



- **> 20 years of proven track record**
 - ✓ Stable and growing revenue
 - ✓ Positive operating cash flows
- **Resilient & sustainable business**
 - ✓ Large and diversified base of customers in the globe
 - ✓ Reputable customer base, including BASF, BP, Shell, CNOOC, CNPC, SINOPEC, Wanhua, and Hengli Petrochemical etc.
 - ✓ ~70% repeat customers
 - ✓ Market reputation and brand awareness
- **Advanced proprietary technologies, strong commercialization capabilities**
- **Enhanced competitive advantages** such as industry leadership, extensive experience and seasoned management team

Professional and Disciplined Management Team

Management are proven professionals with high personal integrity and follow international best practices in corporate governance



Dr. Guo Hong Xin
Executive Chairman & Founder



Mr. Ma Ming
Co-founder, Executive Director



Ms. Ge Cuiping
CFO



Mr. Chen Kai
CIO



Mr. Gu Quanjun
Senior VP
GI-GM



Mr. Zhu Bing Cheng
M&S – Pressure Vessel
business GM ⁽¹⁾



Mr. Xiang Bing
M&S – Pipeline business GM ⁽¹⁾



Mr. Yuan Zi Wei
Senior VP
M&S – EPC GM ⁽¹⁾

■ Stable and Loyal

- ✓ The majority has served Sunpower for >10 years. Strong loyalty.

■ Highly Educated and Professional

- ✓ Ph.D or Master Degree
- ✓ Professional background in the industry

■ Deep Industry Experience

- ✓ Average >20 years of experience in environmental protection sector
- ✓ Extensive experience in working with various conglomerates in China and abroad

■ Strong Alignment of Interest

- ✓ The management collectively owns >40% shares of Sunpower ⁽²⁾

(1) Manufacturing and Services (M&S) businesses includes high efficiency heat exchangers and pressure vessels business, pipeline energy saving business, and Engineering, Procurement and Construction Integrated Solutions.

(2) Before CB conversion, including ESOP

DCP and CDH are strategic institutional investors

- Among the largest and most experienced Chinese private equity (PE) investors.
- Invested/committed US\$180 million in Sunpower through 2 rounds of CBs. Provide institutional support for Sunpower's long-term growth.
- Strong track record in investment and nurturing of many leading companies in China.

DCP and CDH team's Selected Portfolio



Source: DCP and CDH, as of Mar 2018. Please note that all risk disclosure, disclaimers and other similar content in the Private Placement Memorandum, dated February 22, 2018, and the Preliminary Information Document, dated August 10, 2017, of DCP Capital Partners, L.P. apply to the information above.

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Rapid Expansion of GI Business Exceeded Expectations

- GI's leap forward has taken only **< 3 years** after the issue of CB1 from **0** to **8** projects in operation and **1** project in trial production
- With double-digit IRR, all GI projects in operation are in line with or even beat the Company's targets
- Sunpower is on track to materialize the enormous growth potential of the GI strategy

0
Projects
in Operation

1st
mover in the
industry

March 2017

8 Projects in Operation + **1** Project in Trial Production

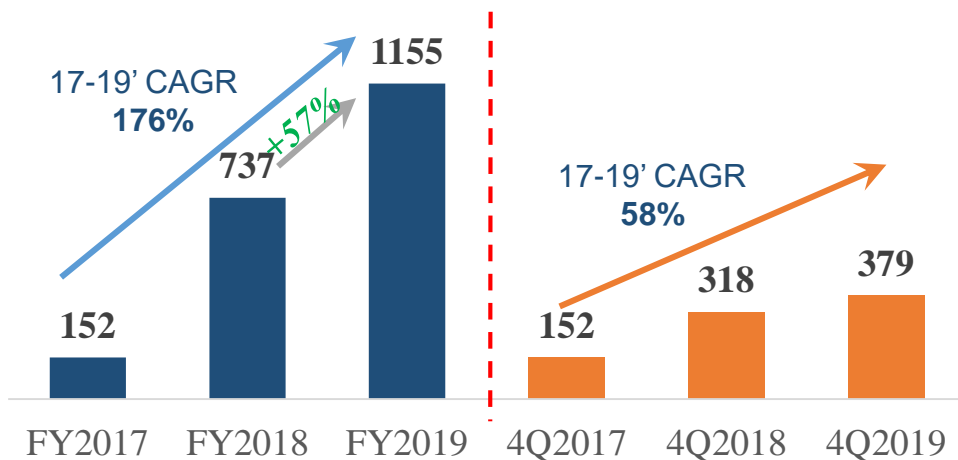


Sizeable GI
portfolio that
delivers long-
term, recurring
and high-quality
income and
cashflows

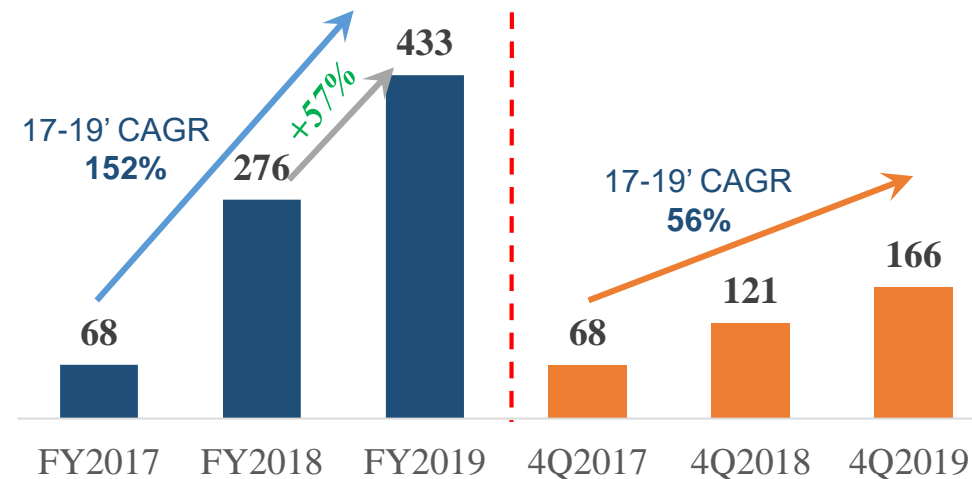
By 2021

GI's Growth Sustained

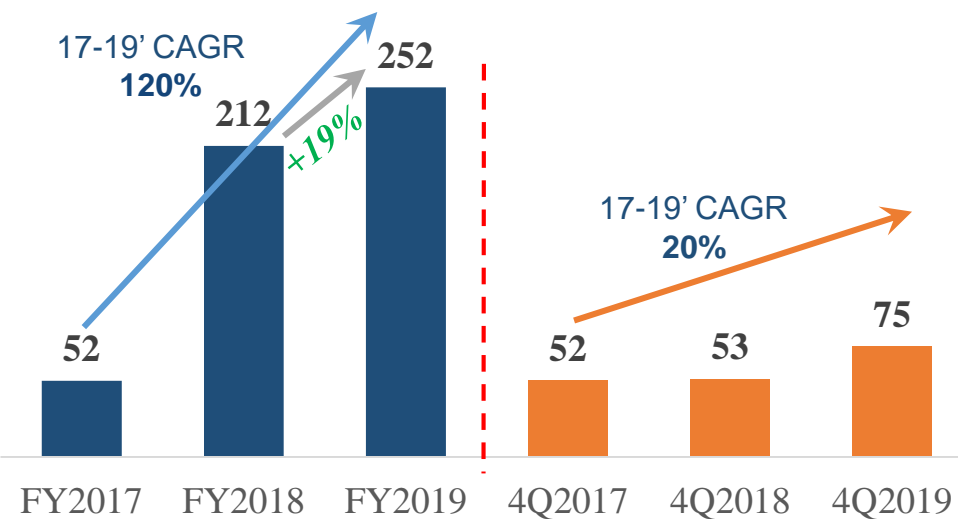
Revenue (RMB mil)



EBITDA (RMB mil)



GI Projects Operating Cash Flow (RMB mil)



- GI performed **at a high level** in 2019 due to the continued ramp-up of existing projects, portfolio expansion and enhancement initiatives on acquired projects
- GI projects are **still ramping up**, the long-term **Net Present Value** (“NPV”) of future cashflows generated by the Group’s GI is expected to be substantially **higher** than the latest reported period*.
- GI has significantly enhanced quality of earnings and cashflow of the Group and its organic and substantial growth in cashflow will also be a funding source for further future GI expansion.



Tongshan District

Estimated investment of ~RMB420 million for Phase 1, secured by equity investment of RMB107 million.

To be developed under a joint venture, of which Sunpower owns an 85% stake.

Capacity

| | Phase 1 | Total |
|---------------------------------|---------|----------------|
| Designed steam capacity (t/h) | 1 × 130 | 2 × 130 (=260) |
| Designed electric capacity (MW) | 1 × 35 | 2 × 35 (=70) |

Location: Tongshan District, Xuzhou, Jiangsu province, ranked 28th among China's "Top 100 Districts" for investment potential in 2018

Project Highlights

- **A biomass cogeneration project** to supply clean heating to local residents as well as sales of electricity to the State Grid, which differentiates it from a pure biomass power plant.
- **Used as a natural gas replacement**, biomass as a fuel source to supply heating will help the local government to **address people's livelihood issues** while **alleviating the cost of heating subsidies**. It will also reduce environmental pollution and realise energy conservation through the combustion of local agricultural waste. As such, **this investment is fully aligned with China's national development policies** and is expected to gain more support from the local government.
- **Grant of 30-year concession right by the local government**, effectively delivering the Group with a captive market for heat within a radius of 20 kilometers of the project.
- **Ready base of resilient customers in the concession area** can be expected to ensure immediate customer subscriptions, providing immediate revenue flows for the Project once commissioned.
- **Abundant local biomass resources** can meet the biomass demand of the project.

Significant Acquisition of Suyuan Plant

Total investment of ~RMB293 million, secured by ~RMB117 million of equity

Location: Changshu, Suzhou, Jiangsu province. The textile industry has been a mainstay of Changshu's economy for the last 40 years with annual turnover of >RMB100 billion

Capacity: 1x90 (t/h) + 2x75t/h (steam) + 1xB7MW (electricity)

Customer mix: ~49 captive customers in printing & dyeing industries

Investment Highlights

① Exclusive centralized steam supplier within its coverage area.

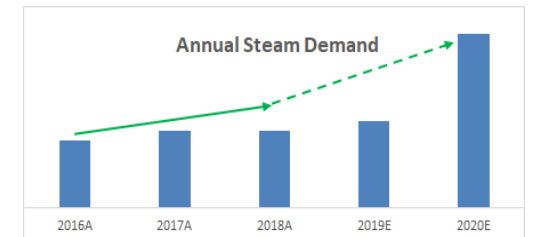
② Steam and electricity businesses have been growing steadily over the past 4 years.

③ Demand for its steam is expected to grow significantly in 2020 due to the mandatory closure of small "dirty" boilers and relocation of companies into the coverage area.

④ Established industry cluster in Changshu provides Suyuan Plant with a resilient and attractive customer base.

⑤ Amidst plant upgrades. Operational performance and efficiency are expected to further improve after completion of plant upgrades.

⑥ A promising addition to the GI portfolio, with a positive and growing impact on medium to long term profitability. Projected to have attractive IRR.



Significant Acquisition of Yongxing Plant



Transaction done at attractive valuation multiple

Total investment of RMB765 million, secured by RMB306 million of equity.

About Yongxing Plant

Sizeable capacity: 350t/h (steam)+36MW (electricity), ~160 km total length of pipeline.

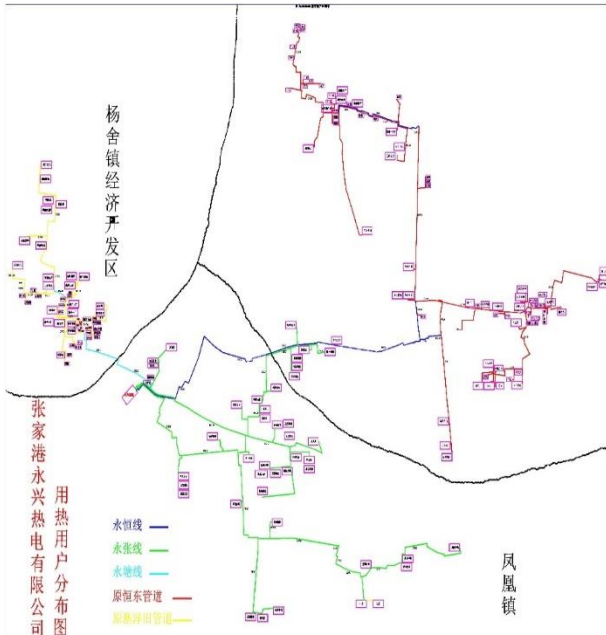
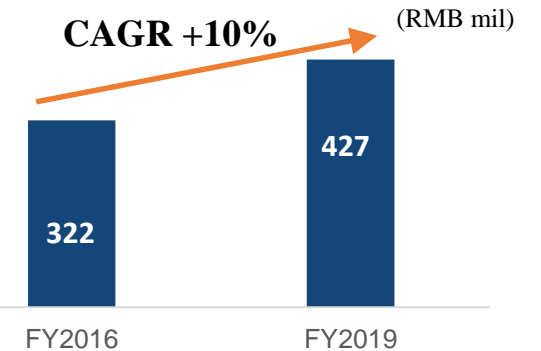
Customer mix: captive customers concentrated in cashflow-rich industries.

| | |
|-----------------------|-----|
| Textile | 49% |
| Chemical & Metallurgy | 20% |
| Others | 31% |

Plant Highlights

- **Strong fundamentals:** Strong performance in 2019, steady and sustainable growth potential.
- **Latest status:** Post-acquisition upgrades completed. Strong improvements seen in operational efficiency and financial results.
- **Sustainable business model:**
 - ✓ **Exclusive centralized steam supplier.**
 - ✓ **Cost effective:** River water used to generate steam. Zero waste.
- **Ultra-low emissions:** lower than natural gas
- **Long-term growth potential** supported by organic growth of a large customer base
- **High IRR:** double-digit investment returns

Yearly Revenue of Yongxing Plant



Geographic Distribution of Yongxing's Customers

Changrun Project



Investment:

Total investment of RMB934 million, secured by RMB434 million in equity.

About Changrun Project – Phase 1:

Location: Gaoyang, Hebei (supplies 1/3 of household textiles in the whole of China).

Capacity: 2x220t/h (steam) + 2x25MW (electricity).

Pipeline network: ~50 km in length.

Customer mix: >70 captive customers.

Project Highlights

■ Solid business fundamentals:

- ✓ Added sales of electricity to complement steam from 2018.
- ✓ Sludge treatment has been implemented to lower feedstock cost.

■ Sustainable business model:

- ✓ Exclusive centralized steam supplier: 30-year concession + first right to renew.
- ✓ “Zero waste” circular economy: Treated waste water is used to generate steam, while outputs are sold to external factories.
- ✓ Ultra-low emissions

■ High IRR: double-digit investment returns.





Shantou Project-Phase 1

Equity Investments

| | |
|---------|-----------------|
| Phase 1 | RMB 167 million |
| Phase 2 | RMB 133 million |

Phase 1 is in trial production and Phase 2 is under construction

Capacity

| | Phase 1 | Phase 1 + Phase 2 |
|---------------------------------------|----------------------------|-----------------------------|
| Designed steam capacity (t/h) | 3x150 (=450) | 3x150 + 2x260 (=970) |
| Annualized steam supply capacity (GJ) | 5.7 million ⁽¹⁾ | 19.0 million ⁽²⁾ |

Notes: (1) With 2 boilers operational and 1 boiler as backup capacity to ensure constant steam supply to customers; (2) With 4 boilers operational and 1 boiler as backup capacity to ensure constant steam supply to customers

Location: Shantou Textile Circular Economy Industrial Park managed by Chaonan Textile, Printing and Dyeing Comprehensive Environmental Treatment Center

Project Highlights

- **Strong fundamentals:** Exclusive steam supplier with 38.5 years concession
- **Ready-made, resilient customer base:** ~128 qualified printing & dyeing companies relocating into the park in phases
- **Large potential:** Textile and garment dyeing industry is a pillar industry in Shantou which contributed ~30% of the local GDP in 2017. Shantou is a major national producer of garments and has an established industry cluster.
- **Anticipated strong contributions:** to deliver **long-term, recurring and high-quality income and cashflows** once operational, with attractive **double-digit IRR**
- **Urgent need to deal with river pollution:** Shantou Project is one of the key water pollution control and alleviation measures put in place to clean up heavily-polluted Lianjiang River

Strong Pipeline and Significant Targeted Investment in GI

Sunpower is on target to make equity investments of ~ RMB2.5 billion in GI assets by 2021

Update on GI Investments to-date

| Status | Total Investments (RMB mm) ⁽⁴⁾ | Project Equity (RMB mm) |
|---------------------------------------|---|-------------------------|
| In Operation | 2,476.0 | 1,040.1 |
| In Trial Production ⁽¹⁾ | 820.0 | 167.3 |
| Under Construction ⁽²⁾ | 1,900.0 | 502.8 |
| Amount Invested and Committed | 5,196.0 | 1,710.2 |
| Others in Design Phase ⁽³⁾ | 653.0 | 220.4 |
| Pipeline | 1,433.1 | 573.2 |
| Total | 7,282.1 | 2,503.8 |

Notes: based on current estimates or forecast

(1) Shantou Phase 1 launched trial production in end-2019.

(2) Including Tongshan Project Phase 1, equity debt structure of which assumes ~30% / 70%

(3) Projects have been signed and are currently in the design phase.

(4) Assuming ~40% equity/60% debt.



- **Rapid scale-up:** Acquired 4 “brownfield” projects and built up 5 “greenfield” projects. 8 projects in operation and 1 in trial production
- **On track to build a sizeable GI portfolio:**
 - ✓ Equity investment of RMB502.8 million has been committed/invested to projects under construction.
 - ✓ Shantou Phase 2 is under construction, and Tongshan Phase 1 will be constructed in 2020.
 - ✓ Major part of Xintai Zhengda Project’s new facility is nearing completion and is expected to start trial production in 1H 2020.
- **To date, GI equity investments of RMB 1.7 billion has been invested /committed, more than 2/3 of the investment target**
- **Tangible progress on pipeline:**
 - ✓ A couple of projects in late stages of evaluation.
 - ✓ Robust pipeline of projects in different stages of evaluation with total value >**RMB3.2 billion.**

Agenda

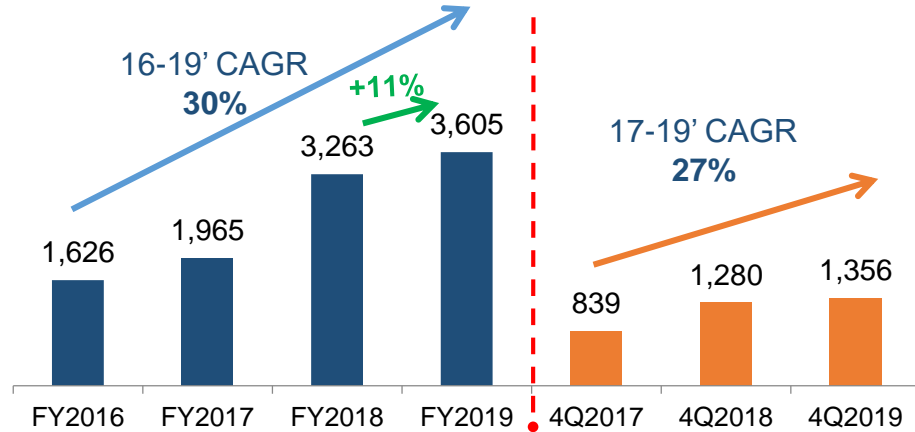
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Stepped Up The Pace

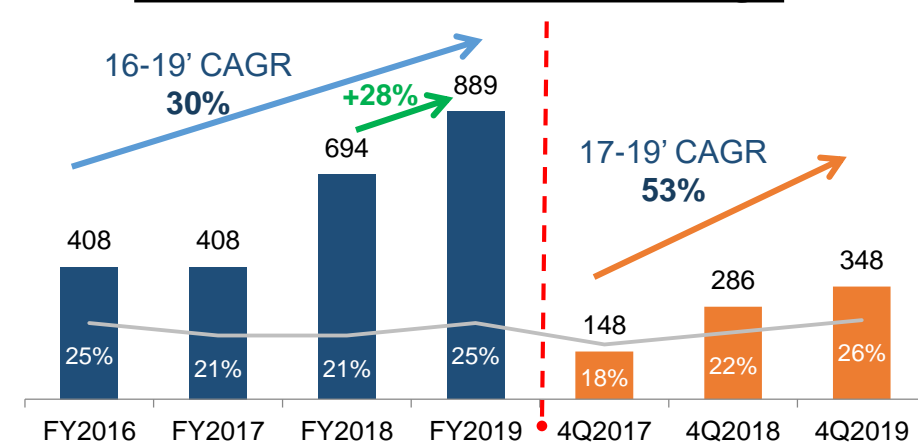
GI's rapid ramp-up has driven Sunpower to achieve another record high in top and bottom line in 2019.

Quality of earnings and cashflow significantly enhanced by GI's long-term, recurring and high-quality contributions.

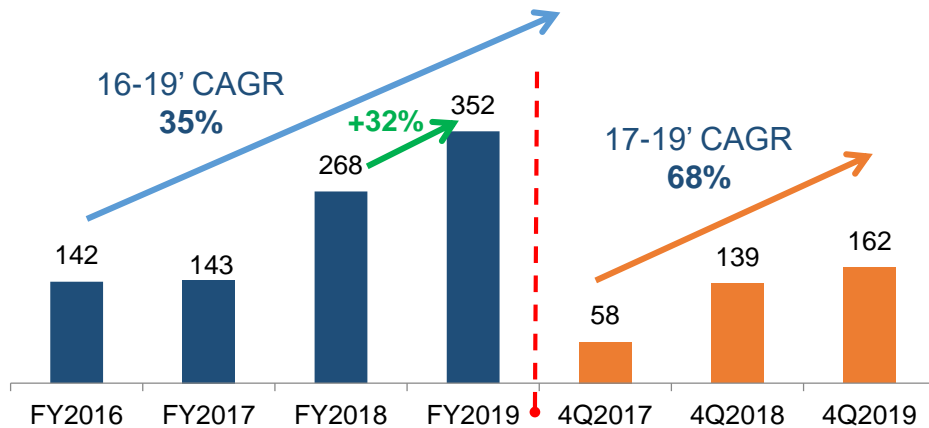
Revenue (RMB mil)



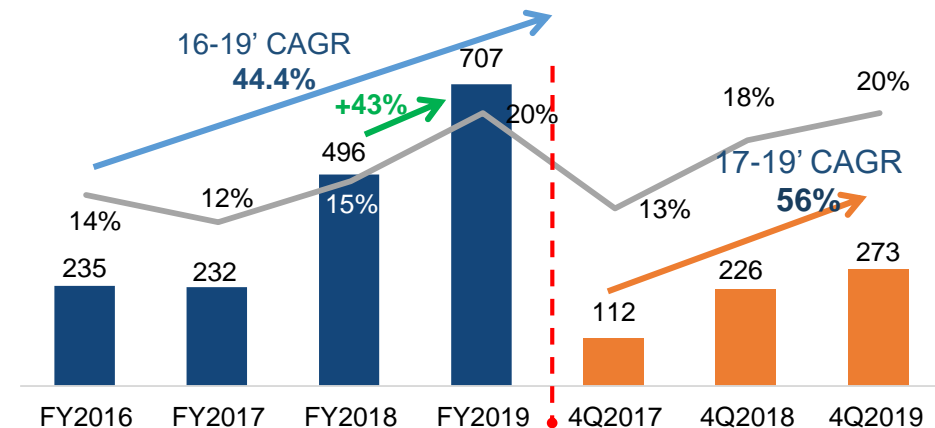
Gross Profit (RMB mil) & Gross Margin



Underlying net profit* (RMB mil)

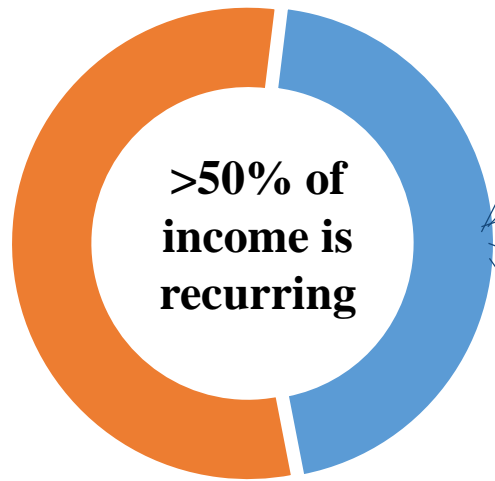


EBITDA (RMB mil) & EBITDA margin



* Underlying net profit is the true operating performance of the Group, after adjusting net profit attributable to shareholders (including effects of Convertible Bonds and Warrants) for amortised interest expenses, fair value adjustments and foreign exchange gains or losses associated with the Convertible Bonds and Warrants. - 25 -

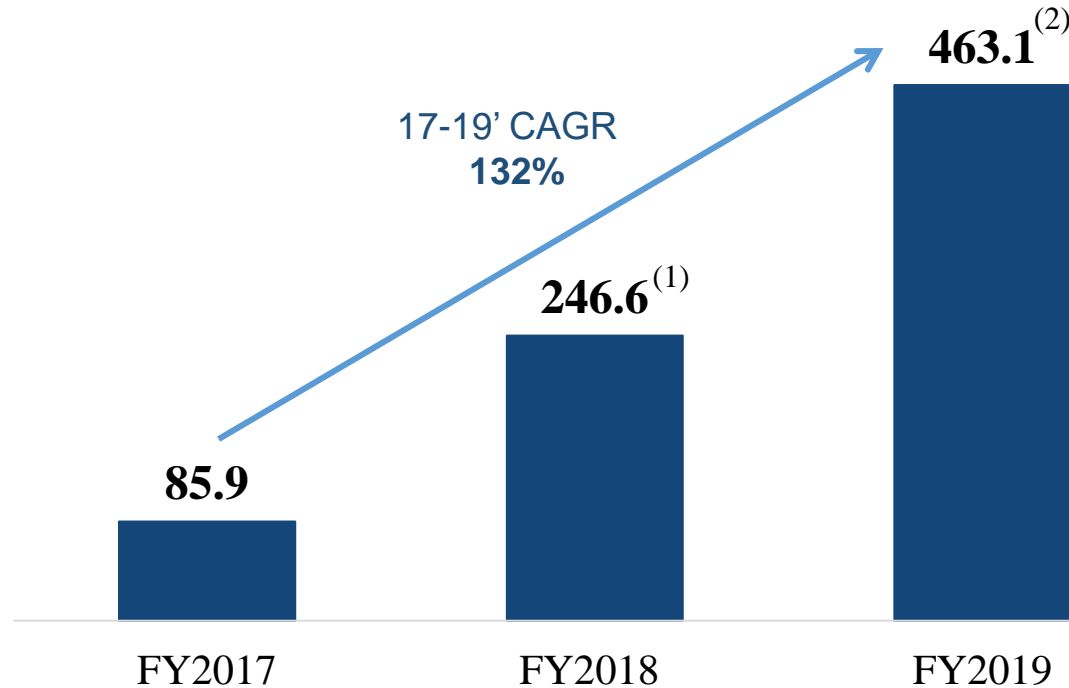
Significant Earnings Growth With Quality



- Sunpower has met its target of **~50% of income from the recurring GI business for two consecutive years.**
- Sunpower's **reliable GI business model and strong execution capabilities** have again been proven through the stronger-than-expected 2019 results.
- With solid track record established in GI business, **Sunpower has grown into a long-term, recurring, high-quality income and cashflow company.**
- The organic and recurring cashflow will also be a funding source for further GI expansion in the future. The Group is on track to build a sizeable and valuable GI portfolio.
- GI projects are **still ramping up**, with the long-term Net Present Value (“NPV”) of future cashflows generated by GI is expected to be substantially higher than the contributions in the latest reported period.

Group Operating Cashflow Surged in FY2019

(RMB million)



- **Robust cashflow:** Underlying operating cash flow surged mainly due to continued expansion and ramp-up of GI.
- **Potential realised:** Proven the huge potential of GI to generate long-term, recurring, high-quality cashflows.
- **Cash in advance:** GI projects are able to require advance payments from customers due to exclusivity within coverage area.
- **Sustainable:** Operating cashflow by GI projects is expected to grow further in future years with further expansion and continued ramp-up. This supports future capex needs for newbuild investments and M&As.

(1) Underlying operating cash flow, excluding CB interest of RMB17.4 million

(2) Underlying operating cash flow, excluding CB interest of RMB19.7 million.

FY2019: Strong Foundation for 2020 and beyond

M&S

- Revenue of **RMB2.4 billion**, profitability was further and substantially improved in 2019
- **Order book** sustained at RMB2.5 billion as at Jan 2020.
- **Resilient and diversified customer base across the globe, of which ~70% are repeat customers**
- **Enhancement of core competitive strengths** secured by technological innovations and sophisticated management

GI

- **Record revenue of RMB1,155 million**, up 57% YoY.
- **Robust EBITDA:** RMB433 million, up 57% YoY.
- **High projects operating cashflow:** RMB252 million, up 19% YoY.
- **Continued expansion GI portfolio:**
 - ✓ 8 operational GI projects, 1 in trial operation.
 - ✓ Shantou Phase 2 is under construction.
 - ✓ Tongshan Phase 1 is expected to be constructed.
- **Rapid ramp-up of existing GI projects.**
- **Enhancement initiatives were implemented on acquired projects.**
- **Diversified and resilient customer base.**

Group

- **Record revenue:** RMB3.6 billion, up 11% YoY.
- **EBITDA:** Up 43% YoY to RMB707 million.
- **Underlying net profit*:** RMB352 million, up 32% YoY.
- **Underlying operating cash inflow** surged to RMB463 million.
- **Cash & cash equivalents and pledged bank deposits:** RMB798 million.
- **Reliable and adaptable business model and proven strategy direction** as a base to reap long-term, recurring, high-quality income and cashflow.

*Underlying net profit is the true operating performance of the Group, after adjusting net profit attributable to shareholders (including effects of Convertible Bonds and Warrants) for amortised interest expenses, fair value adjustments and foreign exchange gains or losses associated with the Convertible Bonds and Warrants.

The Group has been managing the situation in line with the guidelines of the local governments where its operations are located to gradually regain stable production, thanks to the robust and rigorous handling of prevention and control measures.

Barring unforeseen circumstances, the Group expects the following business trends to benefit its 2020 results. Note that Sunpower's financial results should be viewed on a 12-month basis to arrive at a balanced perspective.

GI business:

- **New revenue drivers, including:**
 - a) Full-year contributions from newly-acquired GI plants that are well-positioned to capture new demand following mandatory closures of small dirty boilers
 - b) Anticipated additional contributions from Shantou Phase 1 and new plant of Xintai Zhengda as Shantou Phase 1 is already in trial production and a major part of Xintai Zhengda's new plant is expected to launch trial production in 1H 2020.
- **Continued ramp-up of existing GI projects driven by:**
 - a) Continuous connection of new customers following mandatory closures of small dirty boilers and/or mandatory relocation into industrial parks, and
 - b) Organic growth of existing customers and industrial parks served by the Group's GI plants.
- **Potential earnings-accretive M&A of brownfield GI plants**

M&S business:

- Proven track record, order book remains strong and sustained at RMB2.5 billion
- Cutting-edge proprietary technologies and strong commercialization capabilities
- Diversified base of high-end customers across the globe, of which 70% are repeat customers
- Enhanced competitive advantages such as industry leadership, extensive experience and seasoned management team
- Market reputation and brand awareness

Appendices



Financial Effects of Convertible Bonds (CBs) and Warrants



CBs were issued on 3 March 2017 and 15 October 2018 with the debt host liability component and the derivative liability component carried at amortised cost and fair value respectively. The changes in the fair value of the derivative liabilities of the CB and Warrants are recognized in profit or loss. In accordance with SFRS(I), the financial effects on profit or loss associated with the issuance of compound financial instruments are as follows: (i) fair value change arising from fair valuation relating to the conversion option and Warrants and (ii) amortised interest charge relating to the amortised cost liability component of the CB and commitment fee of Warrants. The fair value change is an accounting treatment arising from the compliance with the accounting standards and has no cash flow effect and no financial impact on the performance targets in relation to the CB as stipulated in the CB Agreement.

The fair value change of the CB and Warrants and the related financial effects to the statement of profit or loss and other statements have no operational effects to the financial performance of the Group. Financial effects of CB and Warrants consist of unrealised foreign exchange translation, amortised interest expenses (inclusive of interest charges) and fair value gain/ (loss) of CB and Warrants.

Warrants are classified as derivative liabilities. At the date of issue, the fair value of derivative liabilities are estimated using the Binomial model. The amount is recorded as a liability at fair value, and is subsequently remeasured at the end of each financial period with changes in fair value recognised in profit or loss.

In order to reflect the true operating performance of the Group, Sunpower uses **Underlying Net Profit**, which is after adjusting net profit attributable to shareholders (including the effects of CBs and Warrants) for amortised interest expenses and fair value gains or losses as well as foreign exchange gains or losses associated with the CBs and Warrants.

Income Statement Summary*

| RMB million | FY2019 | FY2018 | %Change |
|---|---------------------|---------------------|----------------|
| Revenue | 3,604.6 | 3,262.9 | 10.5 |
| Gross Profit | 888.6 | 693.8 | 28.1 |
| Gross Profit Margin | 24.7% | 21.3% | 3.4 <i>pps</i> |
| EBITDA | 706.6 | 496.0 | 42.5 |
| EBITDA Margin (%) | 19.6% | 15.2% | 4.4 <i>pps</i> |
| Underlying Net Profit ⁽¹⁾ | 352.2 | 267.8 | 31.5 |
| Underlying Net Profit Margin | 9.8% | 8.2% | 1.6 <i>pps</i> |
| Underlying EPS (RMB cents) | 45.1 ⁽²⁾ | 35.0 ⁽³⁾ | 28.9 |

*** WITHOUT financial effects of Convertible Bonds and Warrants**

- (1) Underlying net profit is the true operating performance of the Group, after adjusting net profit attributable to shareholders (including effects of Convertible Bonds and Warrants) for amortised interest expenses, fair value adjustments and foreign exchange gains or losses associated with the Convertible Bonds and Warrants.
- (2) Based on the weighted average number of ordinary issued share capital of 781,322,597 ordinary shares.
- (3) Based on the weighted average number of ordinary issued share capital of 765,447,342 ordinary shares.

Balance Sheet Summary*



| RMB million | As of December 31, 2019 | As of December 31, 2018 |
|---|-------------------------|-------------------------|
| Cash and cash equivalents & pledged bank deposits | 797.5 | 797.7 |
| Trade Receivables | 1,321.3 | 1,191.5 |
| Inventories | 558.8 | 499.9 |
| Total Current Assets | 3,302.5 | 2,982.4 |
| Non Current Assets | 4,350.5 | 3,641.0 |
| Short-term Borrowings | 1,009.6 | 492.9 |
| Current Liabilities | 3,221.0 | 3,064.8 |
| Long-term Borrowings | 1,272.2 | 839.4 |
| Convertible bonds liability | 817.0 | 836.8 |
| Equity attributable to equity holders of the Company | 1,844.4 | 1,493.7 |
| Total equity | 2,117.9 | 1,734.1 |

* WITHOUT financial effects of Convertible Bonds and Warrants

Cash Flow Summary*

| RMB (million) | FY2019 | FY2018 |
|---|----------------------|----------------------|
| Net cash generated from/(used in) operating activities | 443.4 | 229.3 |
| Underlying operating cash flow | 463.1 ⁽¹⁾ | 246.6 ⁽²⁾ |
| Interest expense | 109.9 | 61.8 |
| Net cash (used in) investing activities | (1,246.4) | (766.7) |
| Net cash from (used in) financing activities | 808.2 | 320.0 |

(1) Underlying operating cash flow adjusting for CB interest of RMB19.7 million.

(2) Underlying operating cash flow adjusting for CB interest of RMB17.4 million.

* **WITHOUT financial effects of Convertible Bonds and Warrants**

Related Environmental Protection Policies in GI segments

Air Pollution Prevention Action Plan (大气污染防治行动计划), 国务院, 国发[2013]37号

Implementation of Coal Fired Boiler's Energy Saving and Environmental Protection Scheme

燃煤锅炉节能环保方案的实施, 国家发改委、环保部及其他部门, 发改环资[2014]2451号

Clean and Efficient Use of Coal Action Plan (2015-2020)

(煤炭清洁高效利用行动计划(2015-2020年)), 国家能源局, 国能煤炭[2015]141号

Environmental Protection Tax Law (环境保护税法), 全国人民代表大会常务委员会

Full Implementation of Work Plan for Ultra-low Emission and Energy Conservation of Coal-fired Power Plants

(全面实施燃煤电厂超低排放和节能改造工作方案), 环保部、发改委和能源局, 环发[2015]164号

Heat-power Cogeneration Measures 热电联产管理办法, 发改能源 [2016]617号

20 amendments to National standards for pollutant discharge

关于征求20项国家污染物排放标准修改单(征求意见稿)意见的函, 环办大气函[2017]924号

China's 13th Five-Year Plan for National Eco-environmental Conservation

国家环境保护标准“十三五”发展规划, 环科技 [2017] 49号

Three-year Action Plan for Winning the Blue Sky War

打赢蓝天保卫战三年行动计划(2018-2020年)(国发[2018]22号)

Increased initiatives to combat pollution have enhanced growth prospects in the environmental protection industry

Agenda

- 1 Sunpower Group at a Glance
- 2 Investment Highlights
- 3 GI Performance
- 4 Financial Highlights
- 5 Q&A Session

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