



SUNPOWER GROUP LTD.
Investor Presentation
12 November 2020



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SUNPOWER
at a Glance

02
Investment
Highlights

03
GI
Performance

04
Financial
Highlights

05 Q&A Session

AGENDA

Sunpower Group at a Glance

- **>20 Years of Proven Track Record:** Established in 1997, listed on SGX since 2005.
- **Environmental Protection Solutions Specialist:** Energy-saving solutions, waste heat recovery, clean power.
- **Strong R&D Capabilities:** 182 patents, including 63 invention patents.
- **Excellent financial performance:** Group revenue and underlying net profit⁽¹⁾ in 2019 reached record highs of RMB3.6 billion and RMB352 million, respectively.
- **Business segments:** Green Investments (GI) and Manufacturing and Services (M&S).
- Has grown into a company **driven by long-term, high quality and recurring income and cashflows.**

Green Investments (GI)

- 9 projects in operation and trial production.
- **Strong 9M2020 despite challenges:** revenue rose 7.1% YoY to RMB830.9m, EBITDA rose 14.0% YoY to RMB303.8m.
- **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 rose 24.1% YoY to RMB1,827.1m.
- Order book sustained at RMB 2.8 billion as at end-September 2020.
- Diverse customers in wide range of industries across 30 countries, of which 70% are repeat customers.
- Focus on high-end market, reputable customer base.

(1) Underlying net profit is the true operating performance of the Group, after adjusting net profit attributable to equity holders (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.

Sunpower Group at a Glance

Manufacturing & Services (M&S): Established Businesses with Stable Profits and Cashflow

Manufacturing			Services				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)	
				Petrochemical Engineering		Thermal power engineering	

- Petrochemical
- Chemical
- Fine chemical
- LNG
- Coal Chemical
- Coal
- Renewable energy
- New Material
- Metallurgy
- Smelting
- Power Plant
- Others

Sunpower focuses on high-end market and has accumulated large base of reputable customers



Sunpower Group at a Glance

Green Investment (GI): Our Value Creator and Growth Driver that generates long-term, high-quality and recurring income and cashflows

Centralized Steam & Electricity Facilities



Sunpower's GI business supplies industrial steam to a wide range of diverse industries, supported by structural demand.

- Chemical
- Textile
- Printing & dyeing
- Food
- Paper-making
- Paints
- Pharmacy
- Leather
- Wood processing
- Plastic recycling
- Fodder
- Chemical fertilizer
- Rubber
- Building materials
- ...and more

Additionally, it also provides pollution-free civil heating to a large base of households as well as electricity to the State Grid.



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Investment Highlights

- **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 2.8 billion**
- **Professional and Disciplined Management Team**
- **DCP and CDH as strategic institutional investors to support the Group**

GI - Our Value Creator and Growth Driver

Enormous Business Opportunities in China's Anti-smog Sector

- **Government orders mandatory closure of small dirty boilers.** Manufacturing plants in industrial parks across China to use highly efficient centralised steam boilers
- **Factories are increasingly concentrated in industrial parks, which continue to expand in the long-term**
- **Exclusive supplier** of steam to industrial customers within industrial parks with typically **30-year concession agreements** and **first right to renew such concessions**

Valuable & Realisable Assets in GI Projects

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

GI - Our Value Creator and Growth Driver

Competitive Edge

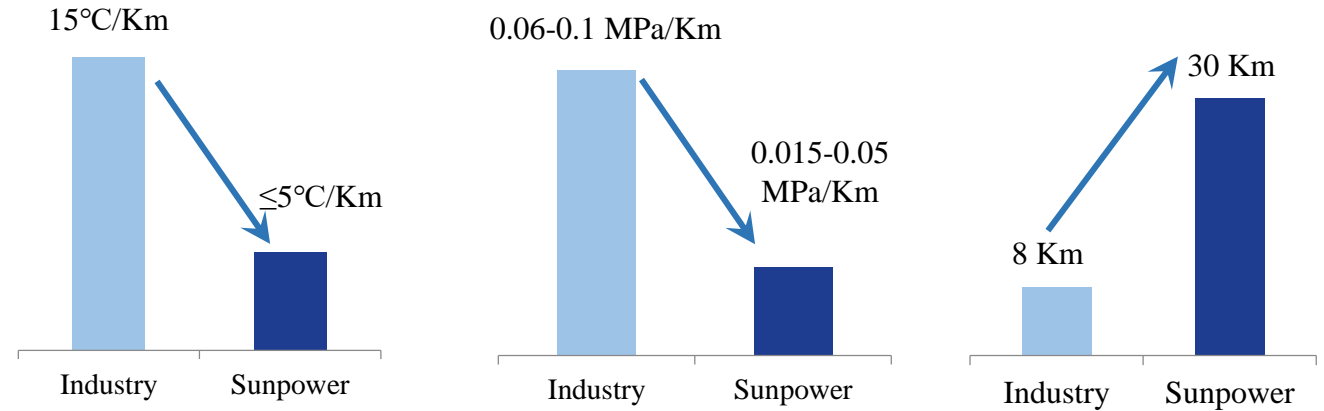


- **Proprietary energy-saving & long-distance distribution technology.**
- **Experienced management with full interest alignment: strong discipline in project evaluation & low cost overrun risks.**
- **Strong long-term capital support & shareholders base.**
- **Strong suite of capabilities ranging from in-house design to EPC services to project development.**
- **Robust pipeline with attractive projects.**
- **Established market reputation in anti-smog sector.**
- **Early-mover advantage in building a sizeable GI portfolio.**

GI - Our Value Creator and Growth Driver

Innovative 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
 - Desulphurization 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 Operational Efficiency**



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'm)
In Operation & Trial Production	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
	Xintai Zhengda Plant (old facility) ⁽¹⁾	n.a	n.a	n.a
	Jining Project	n.a	n.a	10.3
	Shantou Project (Phase 1)	3×150t/h	2×20MW	167.3
Under Construction	Xintai Zhengda (new facility) ⁽¹⁾	3×130t/h	1×35MW+1×18MW	287.1
	Shantou Project (Phase 2)	2×260t/h	2×30MW	132.6
	Tongshan Project (Phase 1)	1×130t/h	1×35MW	107.1
	Shanxi Xinjiang Project (Phase1)	1×130t/h	1×C15MW	131.2
Amount invested/committed				1,865.4
In Design Phase	2 projects	n.a	n.a	116.4
Pipeline ⁽²⁾		n.a	n.a	522.0
Total				2,503.8

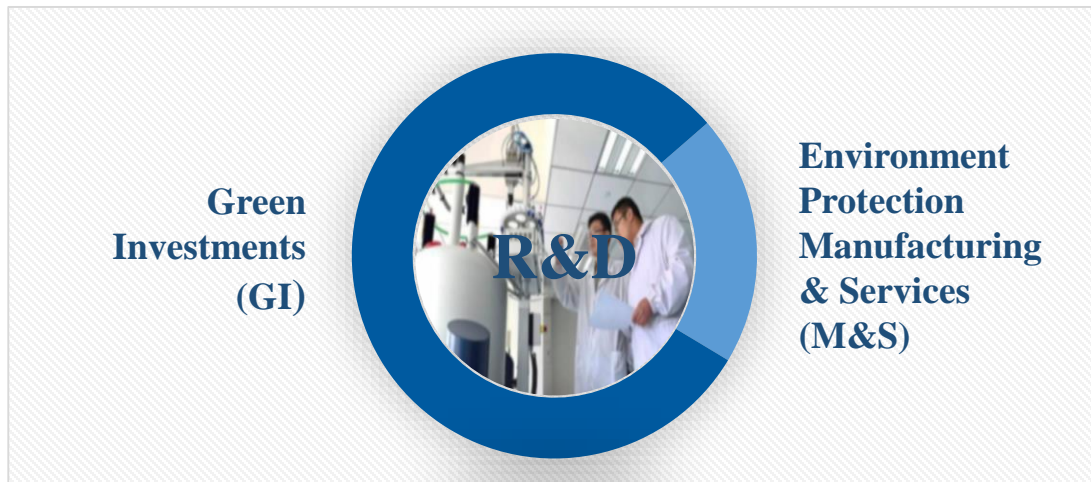
Notes: based on current estimates and forecast.

(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 >RMB3.5 billion

GI Forms the Bulk of the Group Value⁽¹⁾

- Sunpower has seen continued 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.
- Aim to deliver long-term NPV of future cashflows, substantially higher than current contributions.⁽²⁾



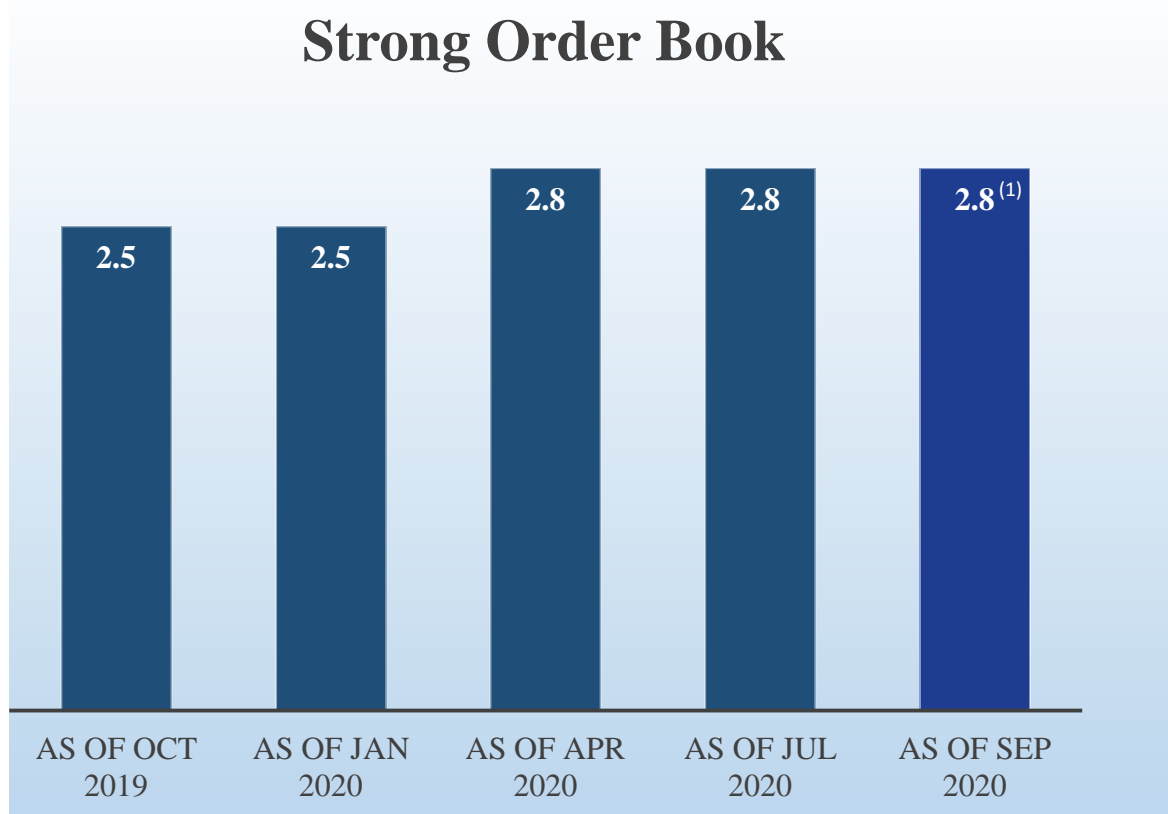
* Phase 1 of Shantou Project is in trial production.

(1) Based on invested capital

(2) Based on the Company's long-term discounted cashflow forecasts

Stable and Growing Manufacturing & Services

Order book ⁽¹⁾ remains strong and has sustained at RMB2.8 billion for three consecutive quarters



(1) Excluding contracts delivered in 9M 2020

- **> 20 years of proven track record**
 - ✓ Stable and growing revenue
 - ✓ Positive operating cash flows
- **Reliable business**
 - ✓ Large and diversified base of customers
 - ✓ Strong capabilities to serve diverse industries
 - ✓ ~70% repeat customers
 - ✓ Market reputation and brand awareness
- **Advanced proprietary technologies**
- **Enhanced competitive advantages** such as extensive experience and seasoned management team
- **Proven capabilities to acquire orders**

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 of investing and nurturing 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 only taken **< 3 years** after the issuance of 2 rounds of CBs from **0** to **8** projects in operation, **1** project in trial production.
- With double-digit IRR, all GI projects in operation are in line with or even beating 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

9 Projects in Operation and Trial Production

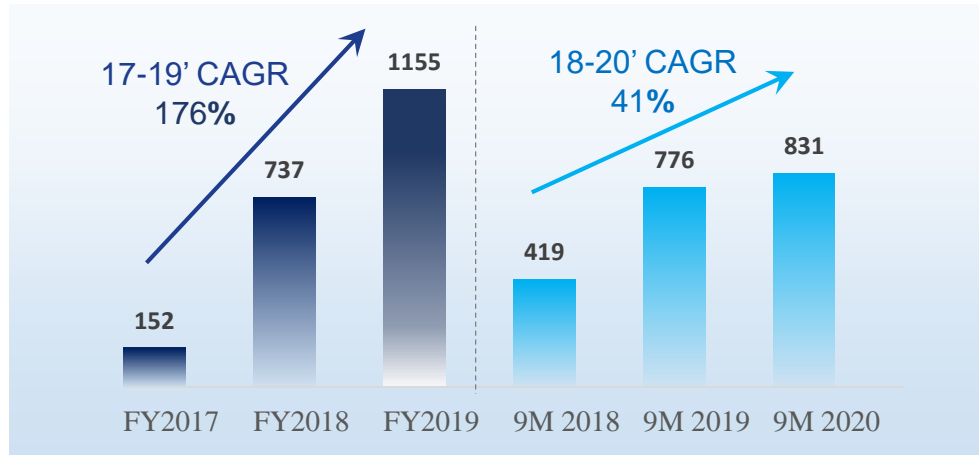


Sizeable GI
portfolio that
delivers long-term,
recurring and
high-quality
income and
cashflows

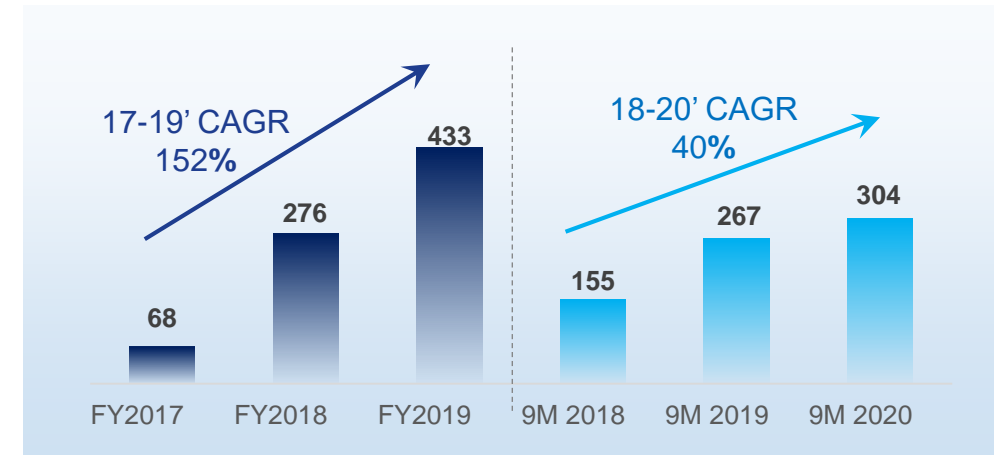
By 2021

GI Performance Remains Resilient

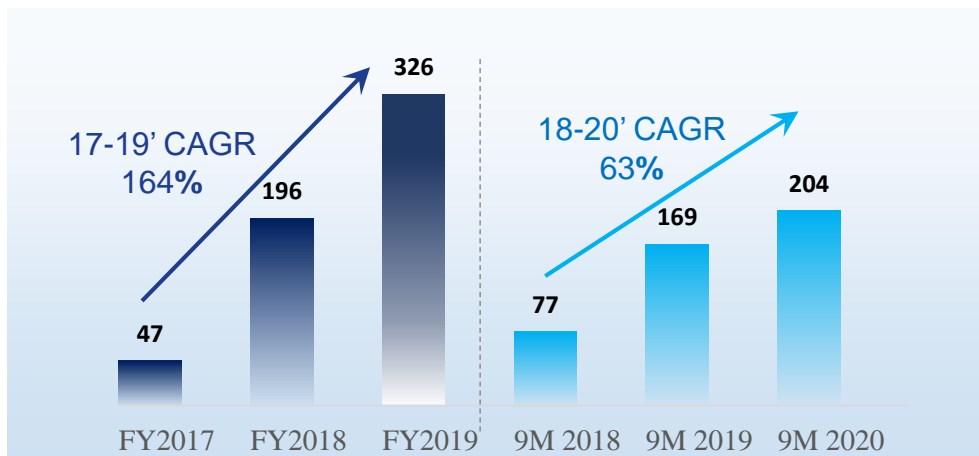
Revenue (RMB mil)



EBITDA (RMB mil)



GI Segment Result (RMB mil)



- GI plants resumed normal operations in 2Q and operated normally in 3Q 2020. Continued recovery was seen by the GI business after the economy reopened.
- Profitability in 9M 2020 improved despite challenges faced.
- 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.*
- The recurring organic cashflow of GI will be a funding source for future GI expansion in the long term.

* Based on the company’s long-term discounted cashflow forecasts

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 & Trial Production ⁽¹⁾	3,296.0	1,207.4
Under Construction ⁽²⁾	2,228.0	658.0
Amount Invested and Committed	5,524.0	1,865.4
Others in Design Phase ⁽³⁾	393.0	116.4
Pipeline	1,305.0	522.0
Total	7,222.0	2,503.8

Notes: based on current estimates or forecast

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

(2) Including Tongshan Project Phase 1 and Shanxi Xinjiang Phase 1, which assumes capital structure ~30% equity / 70% debt.

(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. 9 projects in operation and trial production.
- Part of Xintai Zhengda’s new plant has started trial production as scheduled.
- Phase 1 of Shantou Project has started trial operation and is ramping up.

On track to build a sizeable GI portfolio:

- RMB658.0 million has been committed/invested in the equity of projects under construction.
- Construction of Shantou Phase 2 is progressing smoothly.
- Tongshan Project started construction and expected to complete in 2021.
- Construction of Shanxi Xinjiang Project Phase 1 which was in design phase has started.

To date, RMB1.87 billion in equity has been invested /committed, >70% of the 2021 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 equity value >**RMB3.5 billion.**

Strategy to Grow Earnings with Quality Remains on Track



- Sunpower has **met its target of ~50% of income from the recurring GI business for two consecutive years. On track to build a sizeable and valuable GI portfolio**
- Sunpower's **reliable GI business model and strong execution capabilities have been proven through the excellent performance in 9M 2020** amidst challenges such as the operational constraints of the pandemic.
- GI projects are **still ramping up**, with the long-term Net Present Value (“NPV”) of future cashflows generated by GI expected to be substantially higher than the contributions in the latest reported period.*
- GI has **significantly enhanced the Group's quality of earnings and cashflow**. The recurring organic cashflow will also be a funding source for further GI expansion in the future.
- With the solid track record established in the GI business, **Sunpower has grown into a long-term, recurring, high-quality income and cashflow company.**

*Based on the Company's long-term discounted cashflow forecasts

Shanxi Xinjiang Project



Estimated investment of ~RMB328 million for Phase 1, secured by investment of RMB131.2 million in project equity.

Capacity

	Phase 1	Total
Designed steam capacity (t/h)	1 × 130	3 × 130 (=390)
Designed electricity capacity (MW)	1 × C15	1 × C15 + 1 × C25 (=40)

Location: Xinjiang Circular Economy Demonstration Park, Yuncheng City, Shanxi Province



Project Highlights

- Xinjiang Circular Economy Demonstration Park is a **provincial-level industrial park with an established complete upstream and downstream value chain.**
- **Existing concentration of high-end customers provides ready pool of demand** from industries such as high-end equipment manufacturing, new materials, fine chemicals and dyes.
- Operating under the concept of circular economy, the park already has **centralized utilities infrastructure in place**, such as a water treatment facility.
- Shanxi Province is the largest source of natural fuel resources in China, which will enable Shanxi Xinjiang Project to have **access to fuel supply in close proximity.**

Shantou Project

Equity Investments

Phase 1	RMB 167 million
Phase 2	RMB 133 million

Phase 1 launched trial production end 2019, and is ramping up

Phase 2 is under construction

Capacity

	Phase 1	Phase 1 + Phase 2
Designed steam capacity (t/h)	3 × 150 (=450)	3 × 150 + 2 × 260 (=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



Shantou Project-Phase 1

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:** Once operational, expect **long-term, recurring and high-quality income and cashflows**, 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.

Tongshan Project

Tongshan District



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

Capacity

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

Construction of Phase 1 is expected to be completed in 2021

Location: 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 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 steam/heating will help the local government to **address people's livelihood issues** and **alleviate the cost of heating subsidies**. It will also reduce 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 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.

Suyuan Project



Investment:

Total investment of ~RMB293 million, secured by RMB117 million in project equity.

About Suyuan Project:

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: 1 × 90 (t/h) + 2 × 75t/h (steam) + 1 × B7MW (electricity).

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

Investment Highlights:

Upgrades are partially completed. Operational performance and efficiency are expected to further improve with completion of plant upgrades.

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

Exclusive centralized steam supplier within its coverage area.

Steam and electricity businesses have **grown steadily** in past 4 years.

Post-acquisition demand for its steam is expected to grow due to the mandatory closure of small “dirty” boilers and relocation of companies into the coverage area.

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

Yongxing Project



Transaction done at attractive valuation multiple

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

About Yongxing Plant

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

Customer mix: captive customers concentrated in diverse, cashflow-rich industries, such as textile, printing & dyeing, food, chemical, metallurgy, paper making and others.

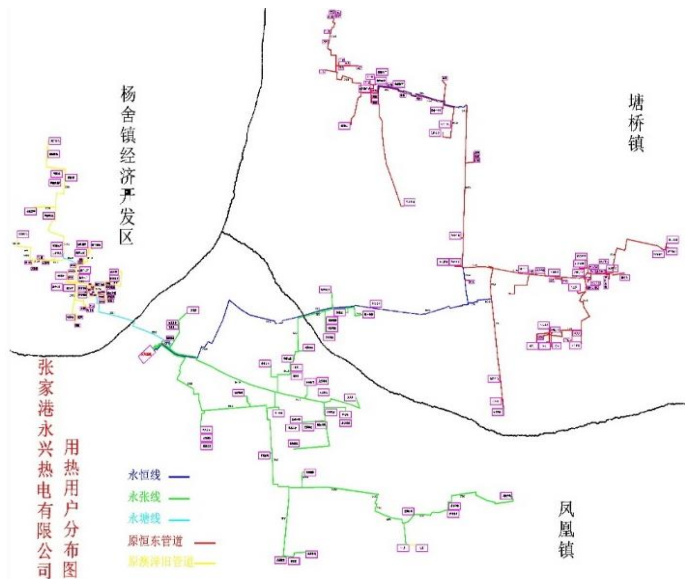
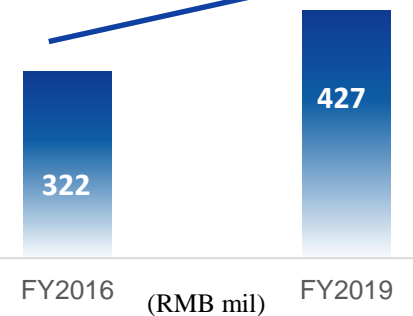
Product mix: steam & electricity

Plant Highlights

- **Strong fundamentals**
- **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 large customer base.
- **High IRR:** double-digit investment returns.

Yearly Revenue of Yongxing Plant

CAGR +10%



Geographic Distribution of Yongxing's Customers

Changrun Project



Investment:

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

About Changrun Project – Phase 1:

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

Capacity: $2 \times 220\text{t/h}$ (steam) + $2 \times 25\text{MW}$ (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 incineration project passed “**Project Environmental Completion Acceptance**” assessment and went into operation smoothly
- **Sustainable business model:**
 - ✓ **Exclusive** centralized steam supplier: 30-year concession + first right to renew.
 - ✓ “**Zero waste**” circular economy model: Treated waste water is used to generate steam, while plant waste outputs are sold to external factories.
 - ✓ **Ultra-low emissions.**
- **High IRR:** double-digit investment returns.



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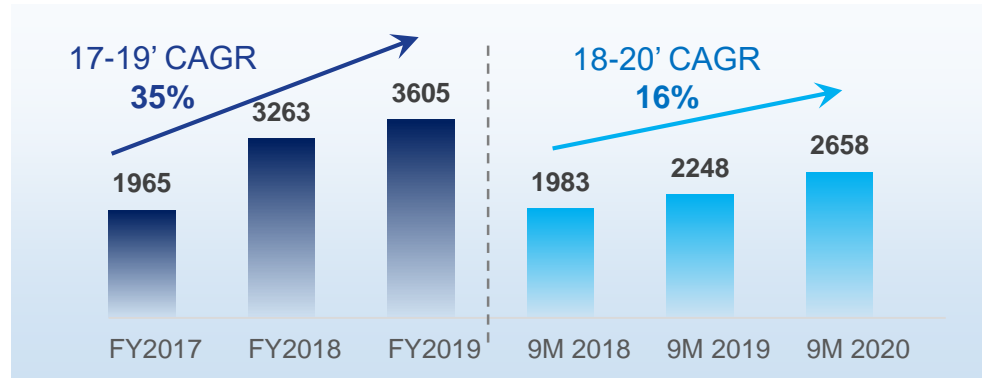
05 Q&A Session

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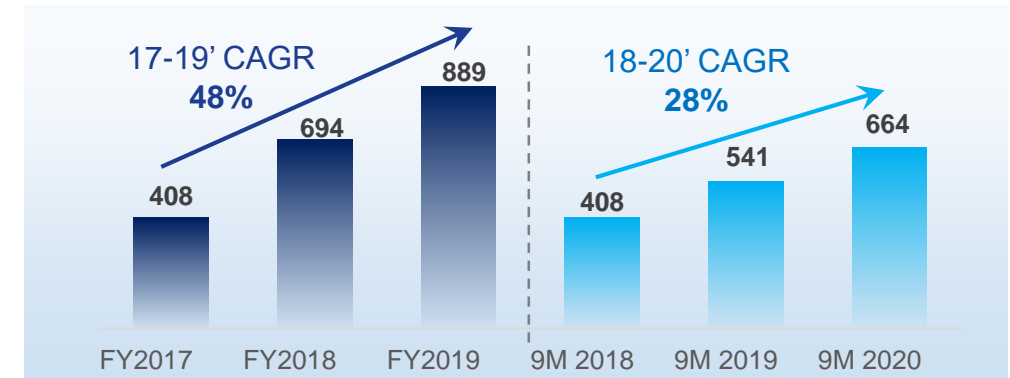
Stepped Up The Pace Despite the Pandemic

- Revenue and underlying net profit in 9M2020 increased despite challenges faced
- Proven valuable company with reliable and adaptable business model and strong capabilities to execute and deliver

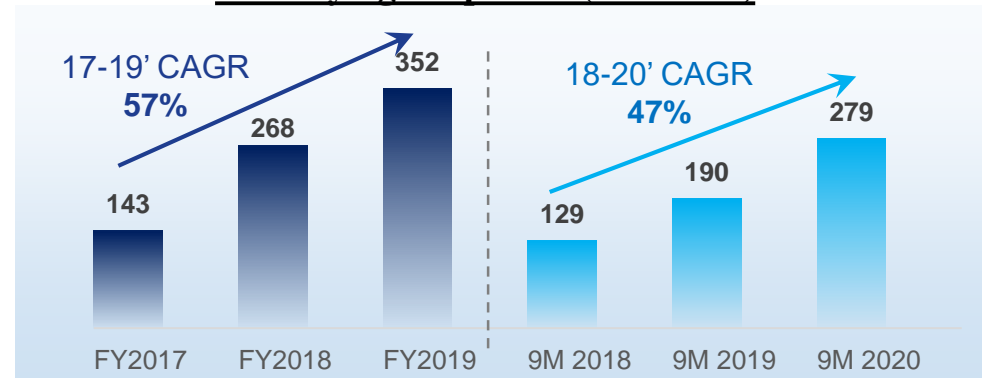
Revenue (RMB mil)



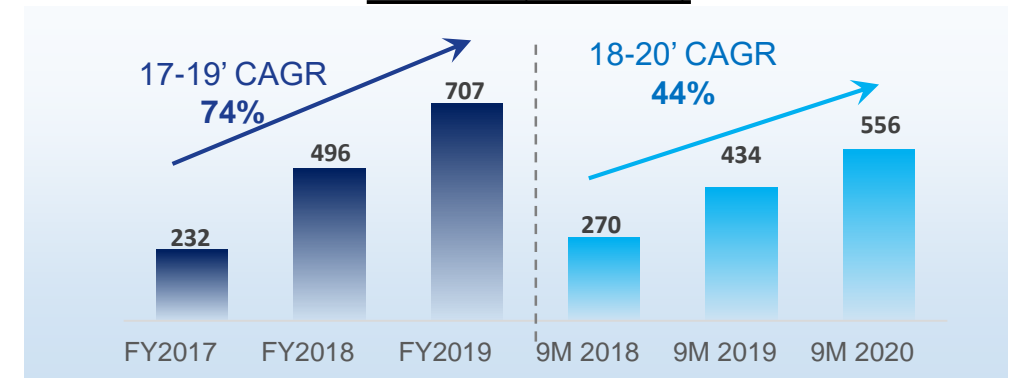
Gross Profit (RMB mil)



Underlying net profit* (RMB mil)

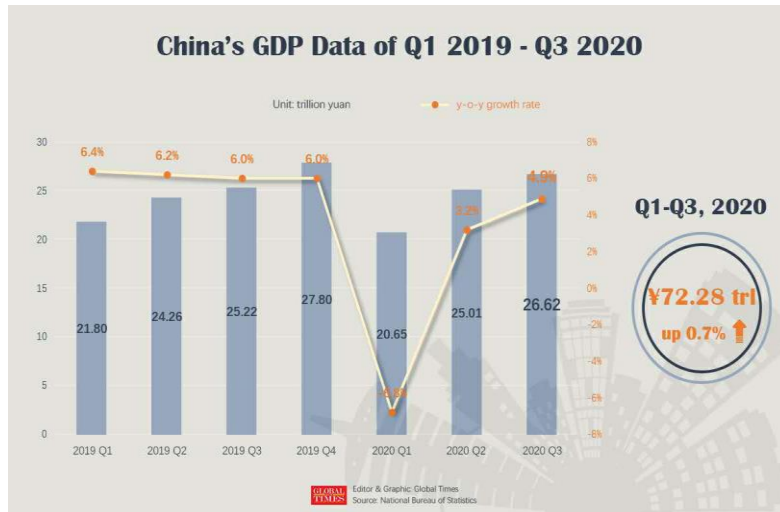


EBITDA (RMB mil)



* Underlying net profit is the true operating performance of the Group, after adjusting net profit attributable to equity holders (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.

China Economy Has Continued Steady Recovery



3Q 2020 GDP grew 4.9% YoY (National Bureau of Statistics on 19 October 2020)

“... the country’s economic recovery accelerated. China’s industrial output rose by 5.8% YoY in the 3Q; the outstanding manufacturing PMI stood at 51.5 and the retail sales rose 3.3% YoY in September...” (1)

“... relations between supply and demand have improved, and the vitality of market economy has been enhanced...” (2)”

Economists’ forecasts on China’s future strong recovery



Economist Forecasts

FY 2020

Caixin Research Institute ⁽³⁾	~5.6% (4Q 2020)	~2%
Oxford Economics ⁽⁴⁾	-	2%
Nikkei ⁽⁵⁾	-	2.2%
IMF ⁽⁶⁾	-	1.9%

Source: (1) <https://www.globaltimes.cn/content/1203878.shtml>; (2) <https://news.cgtn.com/news/3559544d34514464776c6d636a4e6e62684a4856/index.html>; (3) https://2lv4hg.smartapps.cn/pages/article/article?articleId=425814324&authorId=114984&spm=smbd.content.share.0.1603871858168fH58fSC&_swebfr=1; (4) <https://www.reuters.com/article/us-china-economy-gdp-instantview-idUSKBN27406Y>; (5) <https://asia.nikkei.com/Economy/China-GDP-growth-headed-for-5.2-in-Q3-rebound-Nikkei-survey>; (6) <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020>

Anti-Pollution Still Remains Top on the Government's Agenda

- China proposed major social and economic development targets for the 14th Five-Year Plan (“14FYP”) in 2021-2025. During this period, China will continue reducing emissions of major pollutants and improving ecological environment, and make ecological security shields more solid. ⁽¹⁾
- At an executive meeting of the State Council on Sept. 2, Premier Li Keqiang called for more targeted measures to prevent and control air pollution in the Beijing-Tianjin-Hebei region and surrounding areas, and focus on the prevention and control of industrial pollution, clean alternatives to scattered coal, and pollution from diesel vehicles on the basis of existing achievements and in accordance with the causes of pollution. ⁽²⁾
- The Ministry of Ecology and Environment issued a circular on comprehensive action plan to control air pollution in Beijing-Tianjin-Hebei and surrounding areas, and Fenwei Plain during the heavy pollution seasons of autumn and winter of 2020-21. (《关于征求《京津冀及周边地区、汾渭平原2020-2021年秋冬季大气污染综合治理攻坚行动方案（征求意见稿）》意见的函》) ⁽³⁾

- The Ministry of Ecology and Environment issued a circular on comprehensive action plan to control air pollution in the Yangze River Delta Region during the heavy pollution seasons of autumn and winter of 2020-21. (《关于征求《长三角地区2020-2021年秋冬季大气污染综合治理攻坚行动方案（征求意见稿）》意见的函》) ⁽⁴⁾
- The Ministry of Ecology and Environment requires the reverse schedule to ensure the completion of the task for Winning the Blue Sky Defense War⁽⁵⁾
- Hebei has issued a circular on further strengthening boiler safety, energy conservation and environmental protection, as well as a notice on enhancing treatment of pollution caused by boilers in 2020. ⁽⁶⁾
- Shanxi Province starts the battle for comprehensive control of air pollution in autumn and winter. The mission is "4+1+1" : Four major structural adjustments in industry, energy, transportation, and land use, joint prevention and control of pollution in Taiyuan and surrounding "1+30" areas, and response to heavy pollution weather. ⁽⁷⁾

(1) <http://enapp.chinadaily.com.cn/a/202010/29/AP5f9ab6d7a310b0a661bf3572.html>

(2) <http://huanbao.bjx.com.cn/news/20200904/1101920.shtml>

(3) http://www.mee.gov.cn/xxgk2018/xxgk/xxgk06/202009/t20200928_800876.html

(4) http://www.mee.gov.cn/xxgk2018/xxgk/xxgk06/202010/t20201012_802666.html

(5) <https://m.chinanews.com/wap/detail/zw/gn/2020/10-20/9317098.shtml>

(6) <http://mhuanbao.bjx.com.cn/mnews/20200828/1100357.shtml>

(7) <https://baijiahao.baidu.com/s?id=1681226857680523743&wfr=spider&for=pc>

FY2020 Outlook

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

GI Business:

- **Additional drivers, including:**
 - a) Full-year contributions from newly-acquired plants
 - b) Anticipated additional contributions from Shantou Phase 2 and new plant of Xintai Zhengda
- **Continued ramp-up of existing GI projects driven by:**
 - a) Continued 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
- **Continuous improvement in operational efficiency and cost control**

M&S Business:

- Order book of RMB2.8 billion
- Diversified base of customers across the globe. ~70% are repeat customers
- Advanced technologies and extensive experience



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*

	9M 2020	9M 2019	Change (%)
Revenue (RMB million)	2,658.0	2,248.4	18.2
Gross Profit (RMB million)	664.5	540.5	22.9
EBITDA (RMB million)	555.5	434.1	28.0
Underlying Net Profit⁽¹⁾ (RMB million)	278.7	189.9	46.8
Underlying EPS (RMB cents)	35.2 ⁽²⁾	24.7 ⁽³⁾	42.4

*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 equity holders (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 791,848,142 ordinary shares.
- (3) Based on the weighted average number of ordinary issued share capital of 768,188,564 ordinary shares.

Balance Sheet Summary*

(RMB million)	As of September 30, 2020	As of September 30, 2019
Cash and cash equivalents & pledged bank deposits	734.0	627.0
Trade Receivables	1,322.6	1,312.6
Inventories	576.5	692.6
Total Current Assets	3,288.6	3,249.6
Non Current Assets	4,789.1	4,150.1
Short-term Borrowings	905.9	798.7
Current Liabilities	2,842.5	3,195.6
Long-term Borrowings	1,820.4	1,225.0
Convertible bonds liability	794.3	817.0
Equity attributable to equity holders of the Company	2,119.2	1,687.2
Total equity	2,402.1	1,953.3

*Without financial effects of Convertible Bonds and Warrants

Cash Flow Summary*

(RMB million)	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Net cash generated from/(used in) operating activities	134.9	213.0
Underlying operating cash flow	157.6 ⁽¹⁾	232.7 ⁽²⁾
Interest expense	73.3	75.5
Net cash (used in) investing activities	(595.3)	(943.7)
Net cash from (used in) financing activities	362.0	498.0

(1) Underlying operating cash flow adjusting for CB interest of RMB22.7 million

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

*Without financial effects of Convertible Bonds and Warrants

Anti-Smog Sector are Strongly Supported by PRC Government

1	Circular on Comprehensive Action Plan to Control Air Pollution in Beijing-Tianjin-Hebei and Surrounding Areas, and Fenwei Plain During Autumn and Winter of 2020-21 关于征求《京津冀及周边地区、汾渭平原2020-2021年秋冬季大气污染综合治理攻坚行动方案（征求意见稿）》意见的函 环办大气函[2020]506号
2	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）
3	Air Pollution Prevention Action Plan (大气污染防治行动计划)，国务院，国发[2013]37号
4	Guidelines of the CPC Central Committee and the State Council on Strengthening Ecological and Environmental Protection in an All-round Way and Resolutely Fighting the Battle against Pollution 中共中央 国务院关于全面加强生态环境保护坚决打好污染防治攻坚战的意见
5	Heat-power Cogeneration Measures 热电联产管理办法，发改能源[2016]617号
6	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
7	Circular on Issurance of Implementation Plan for the Comprehensive Improvement in Energy Conservation and Environmental Protection by Coal-fired Boilers 关于印发燃煤锅炉节能环保综合提升工程实施方案的通知 发改环资[2014]2451号
8	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
9	Notice of National Energy Administration on the Issuance of the 13th Five-Year Plan for Biomass Energy Development 国家能源局关于印发《生物质能发展“十三五”规划》的通知 国能新能[2016]291号
10	Guidance to Boost the Development of Biomass Heating 关于促进生物质能供热发展的指导意见，发改能源[2017]2123号
11	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
12	Environmental Protection Tax Law (环境保护税法)，全国人民代表大会常务委员会



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at a Glance

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Investment
Highlights

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05 Q&A Session

AGENDA

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