

SUNPOWER GROUP LTD.
Investor Presentation
25 February 2021



01
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:** clean power to reduce air pollution, energy-saving solutions, waste heat recovery
- **Business segments:** Green Investments (GI) and Manufacturing and Services (M&S).
- **Record results in FY2020 (exceeding CB performance target):** In FY2020, group revenue reached record highs of RMB4.06 billion, PATMI⁽¹⁾ of RMB377 million also hit record high with 2017-2020 CAGR +48%. Underlying operating cashflow⁽²⁾ rose 17.4% YoY to RMB536 million.
- **GI business contributions grew in importance to the Group:** GI revenue rose 15.6% YoY to RMB1.34 billion and GI EBITDA rose 12.9% YoY to RMB489 million in FY2020.
- **M&S business:** M&S revenue rose 11.2% YoY to RMB2.72 billion in FY2020. Order book was at RMB2.9 billion as at end-January 2021.
- Powered by GI, Sunpower has grown into a company **driven by long-term, high quality and recurring income and cashflows.**

(1) PATMI refers to the “Profit for the year attributable to equity holders” in the “WITHOUT financial effects of Convertible Bonds and Warrants” column of the P&L statement, which adjusts “Profit for the year attributable to equity holders” in the “WITH financial effects of Convertible Bonds and Warrants” column for amortised interest expenses, fair value adjustments and foreign exchange gains or losses associated with the Convertible Bonds and Warrants.

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

Sunpower Group at a Glance

Manufacturing & Services (M&S): Established Business 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

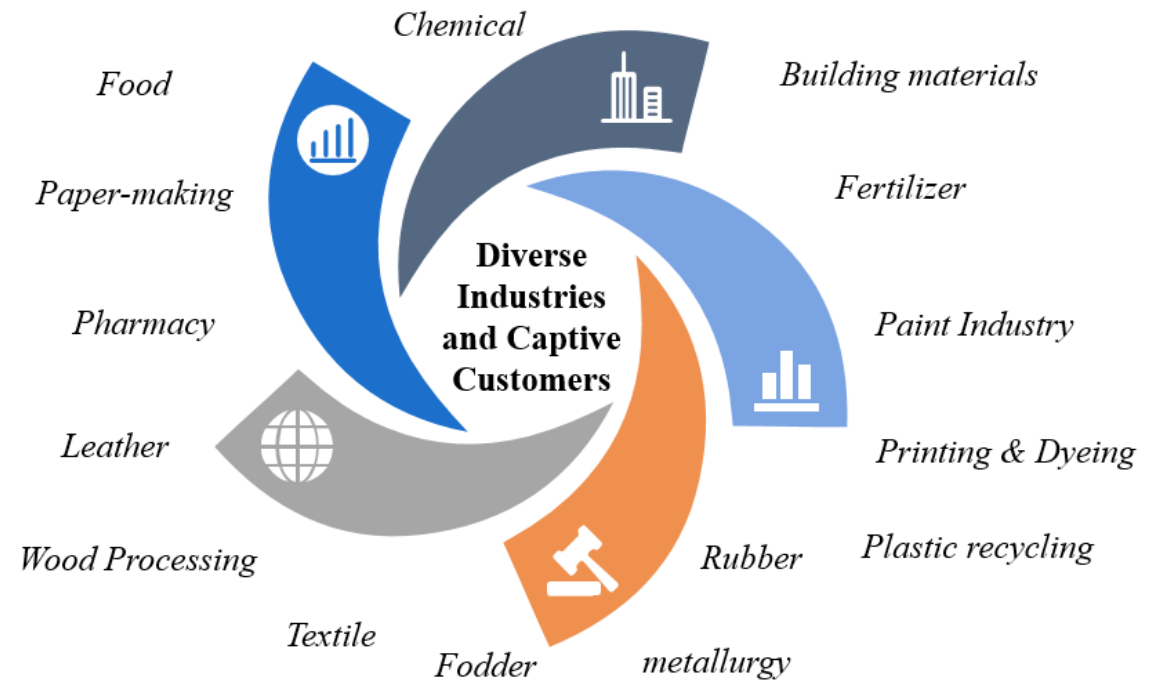
Sunpower focuses on high-end market and has accumulated large base of reputable customers



Sunpower Group at a Glance

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

GI is an asset-based business where the Group invests in and operates centralized facilities that supply industrial steam to a wide range of diverse industries, supported by structural demand; provides pollution-free civil heating to a large base of households; and electricity to the State Grid.





01
SUNPOWER
at a Glance

02
Investment
Highlights

03
GI
Performance

04
Financial
Highlights

05 Q&A Session

AGENDA

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**
- **Stable and Growing Manufacturing & Services**
- **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

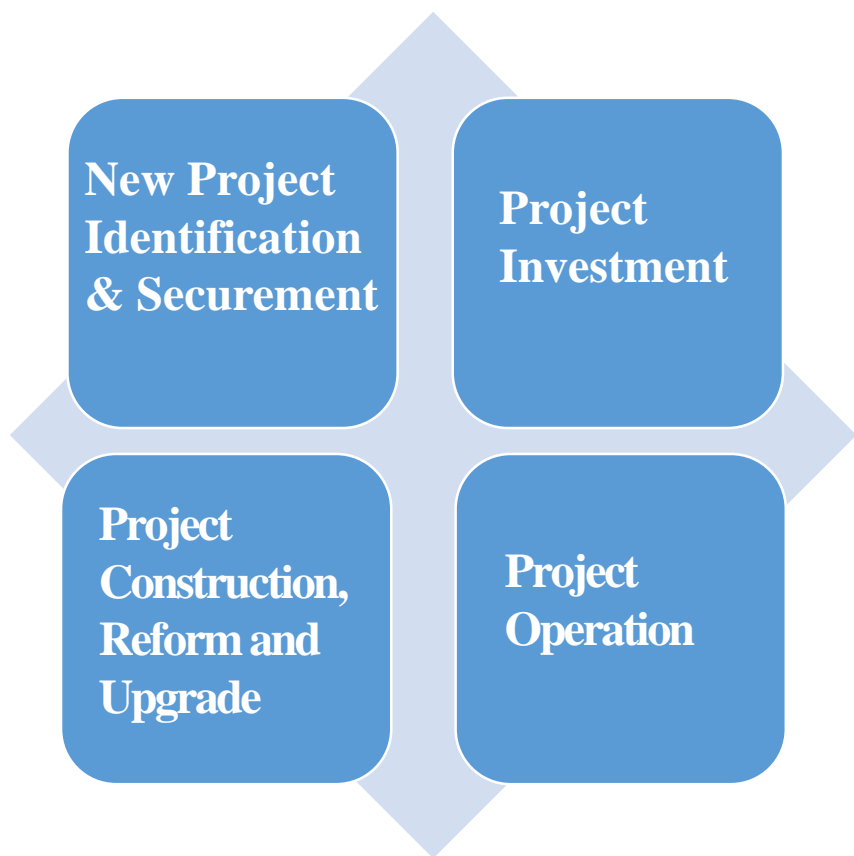
- **Government orders mandatory closure of small dirty boilers.** Manufacturing plants in industrial parks across China to use highly efficient centralised steam boilers
- **Factories are increasingly concentrated in industrial parks, which continue to expand in the long-term**
- **Exclusive supplier** 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

Sunpower has unique competitive edge and proven track record throughout GI business cycle



New Project Identification & Securement

- ✓ Proven track record, experienced business teams
- ✓ Discipline and robust system in place for the selection and evaluation of projects
- ✓ Robust pipeline with attractive projects being evaluated

Project Investment

- ✓ GI permits/ concessions are highly sought-after assets with high entry barriers for new entrants
- ✓ Successfully established resilient and adaptable GI business model
- ✓ Strong strategic investor support by renowned private equity firms, DCP and CDH
- ✓ Multiple potential sources of funds to fund GI growth strategy

Project Construction, Reform and Upgrade

- ✓ Application of innovative technologies for environmental protection, energy-saving & long-distance steam distribution
- ✓ Know-how to reform and upgrade acquired plants to improve operation efficiency
- ✓ Experienced in project planning, management and construction

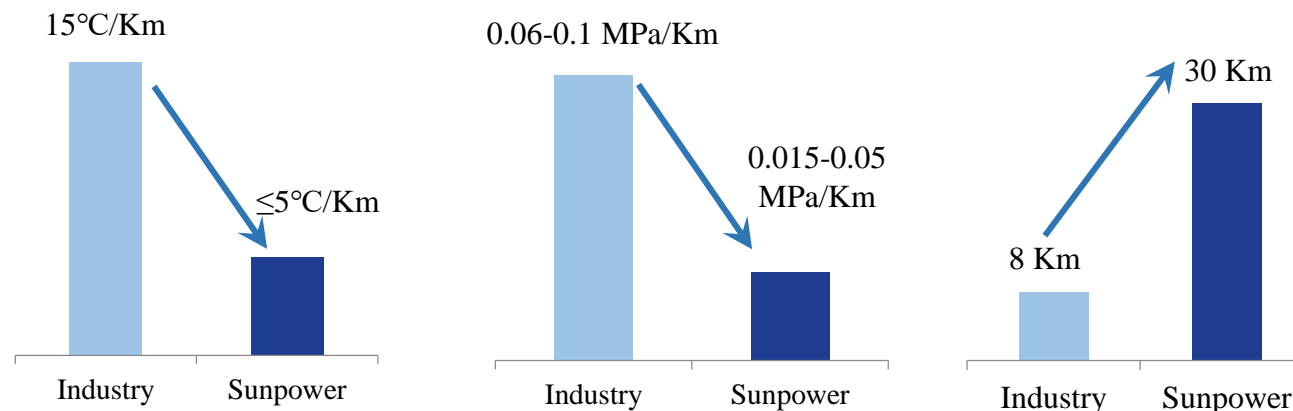
Project Operation

- ✓ Seasoned management and operational teams
- ✓ Proven track record in operating GI projects with excellent results achieved
- ✓ Adoption of Circular Economy Model to reduce operating costs and help industrial parks achieve ultra-low emissions

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 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**



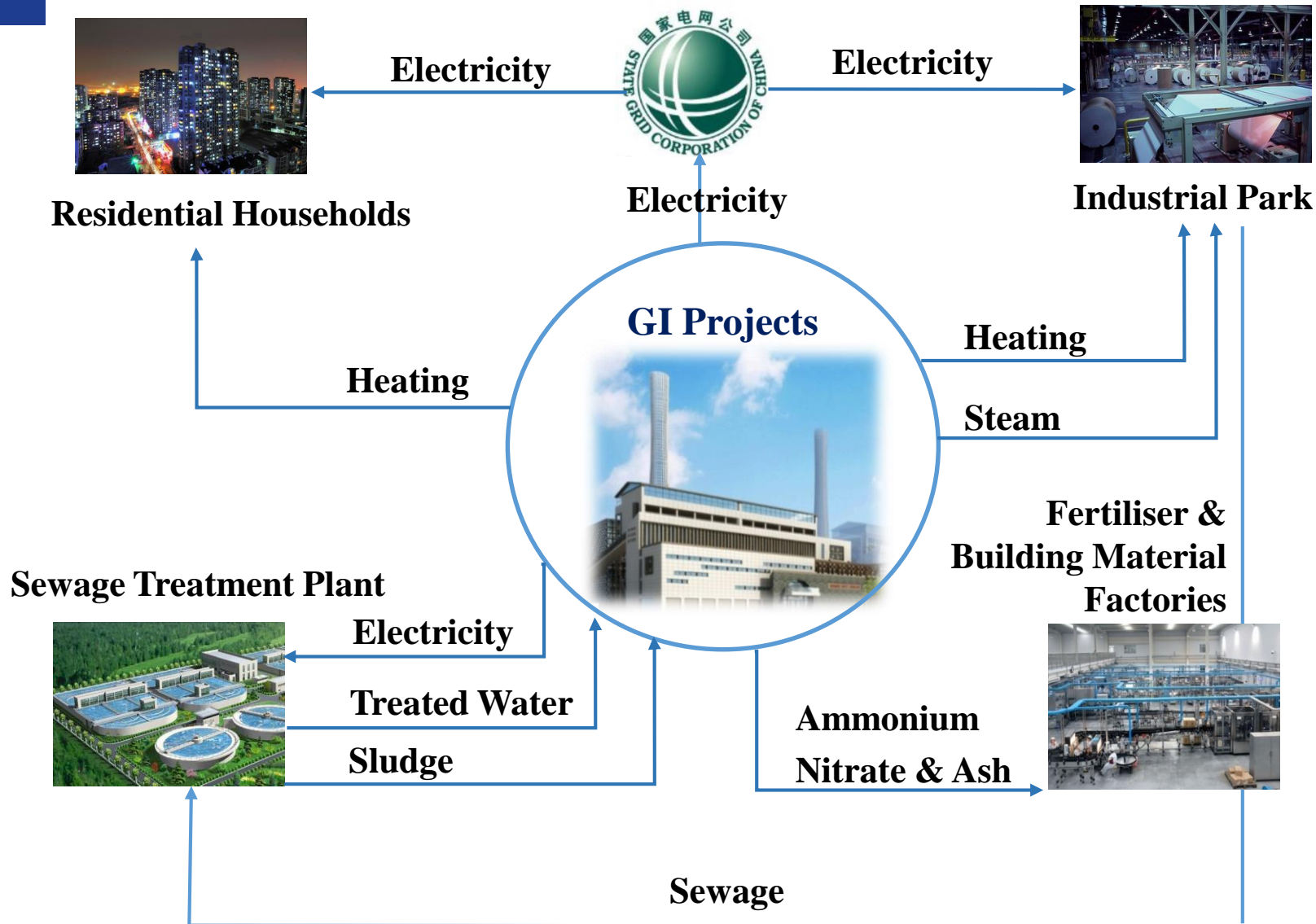
Emission Limit (mg/m ³)	New National Standard for New Build Coal-fired Boilers ⁽¹⁾	New National Standard for Coal-fired Power Boilers	New National Standard for Coal-fired Power Plants in Key Areas ⁽²⁾	New National Standard for Natural Gas	Sunpower's Capability
Dust	50	30	20	5	<5
Sulphur Dioxide, SO ₂	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

GI – Our Value Creator and Growth Driver



Adoption of Innovative Circular Economy Model (“CEM”) in GI Operations

- CEM is a closed-loop production model that cuts resource waste and pollution to a minimum through the re-using, repurposing and recycling of products and materials.
- It allows Sunpower to reduce cost while achieving ultra-low emissions for the industrial park where a GI plant is located.

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	126.0
	Shanxi Xinjiang Project-phase1	1×130t/h	1×C15MW	131.2
	Changrun Project- Connection to Sanli ⁽²⁾	n.a	n.a	50.0
Amount invested/committed				1,934.3
In Design Phase	2 projects	n.a	n.a	116.4
Pipeline ⁽²⁾		n.a	n.a	453.1
Total				2,503.8

Notes: (1) Existing plant still in operation and will remain operational until the commissioning of the new plant. Part of the new facility has started commercial operation, and the remaining part is under construction. (2) Acquired the exclusive right to supply steam to Sanli for 25 years, construction of the pipeline connection to Sanli is expected to complete in 2021.

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.
- Favourable position to expand by procuring new GI projects, embark on expansion of certain existing GI projects and to further cultivate earnings quality of existing GI projects.
- Aim to deliver long-term NPV of future cashflows, substantially higher than current contributions.⁽²⁾



(1) Based on invested capital

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



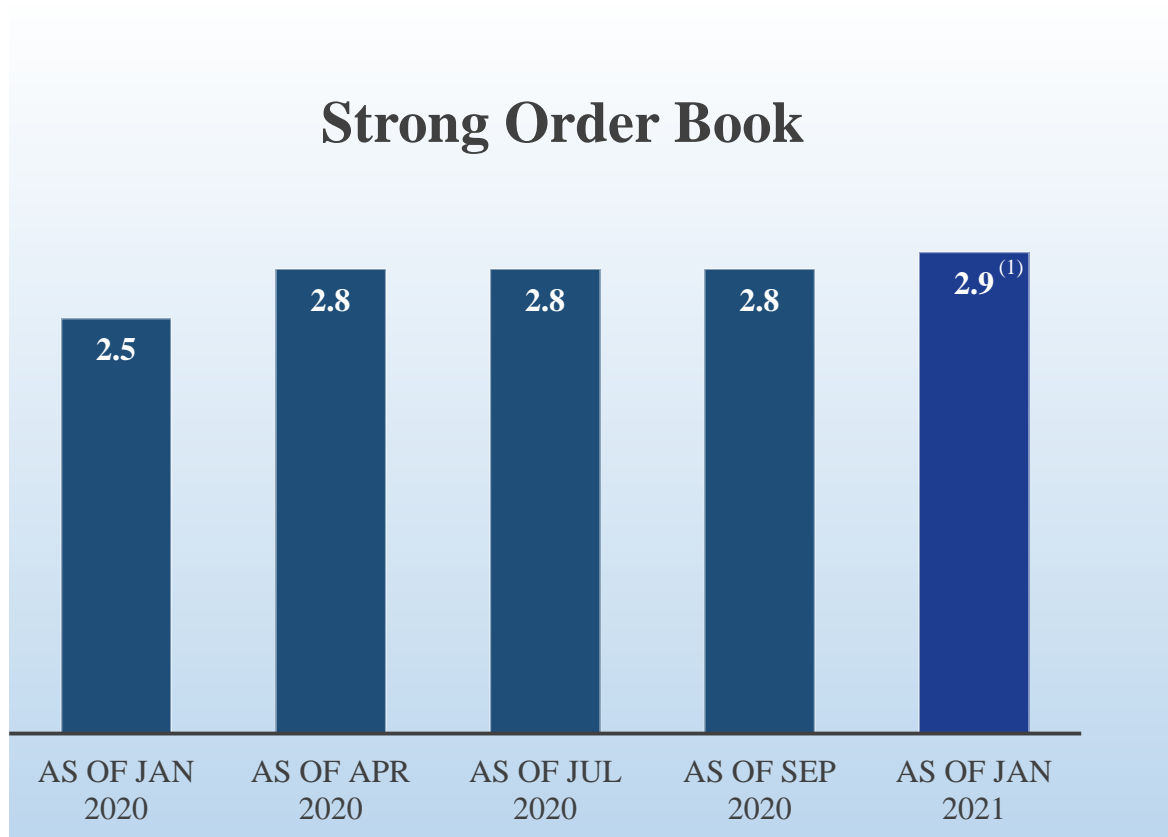
Notes:

(1) Existing plant still in operation and will remain operational until the commissioning of the new plant. Part of Xintai Zhengda's new plant is in operation.

(2) Phase 1 of Shantou Project is in operation.

Stable and Growing Manufacturing & Services

Order book ⁽¹⁾ was RMB2.9 billion as at end-January 2021



(1) Excluding contracts delivered in FY2020.

- **> 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 technologies**
- **Enhanced competitive advantages** such as extensive experience and seasoned management team
- **Proven capabilities to acquire orders**

DCP and CDH are strategic institutional investors

- Among the largest and most experienced Chinese private equity (PE) investors.
- Invested US\$130 million in Sunpower through issued convertible bonds to-date. 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 Investment 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.



01
SUNPOWER
at a Glance

02
Investment
Highlights

03
GI
Performance

04
Financial
Highlights

05 Q&A Session

AGENDA

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 **9** projects in operation.
- 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



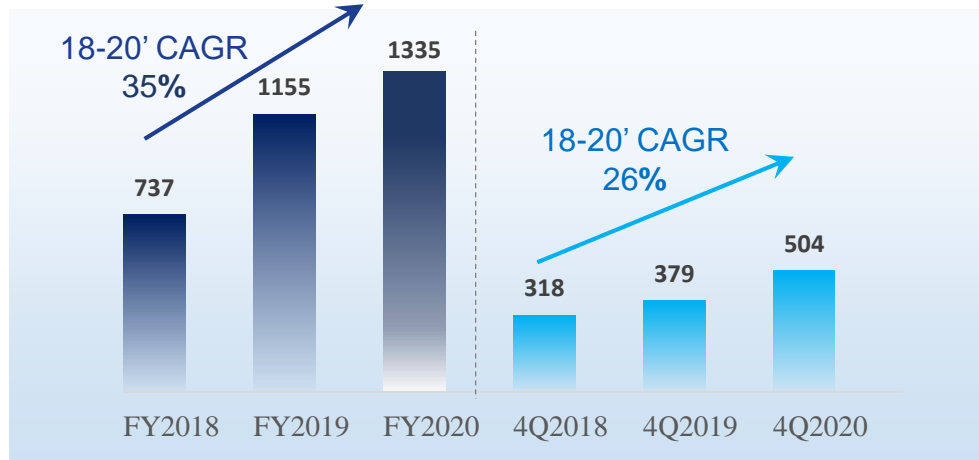
By 2020

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

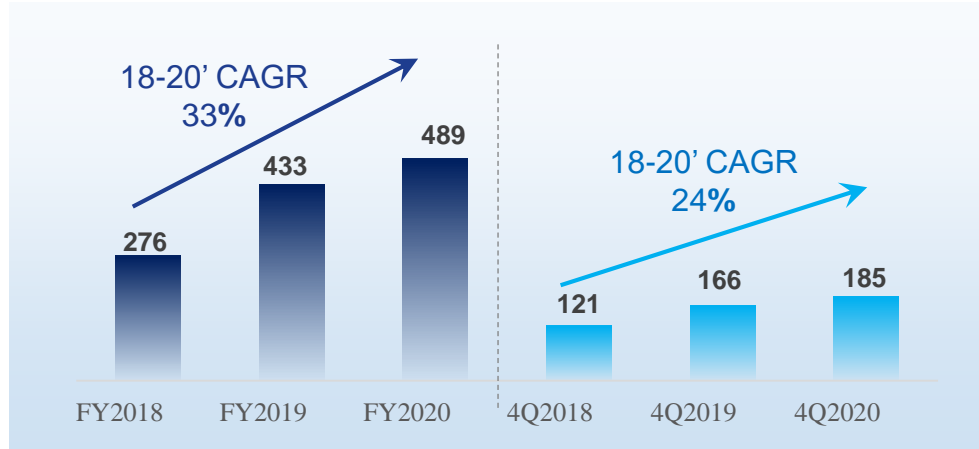
By 2021

GI Performance Remains Resilient Despite Pandemic

Revenue (RMB mil)



EBITDA (RMB mil)



- Despite of pandemic, GI continued to grow its contributions to the Group and provide long-term, recurring, high-quality income.
- Although the pandemic initially caused the reduction of operating hours in the early of 2020, the Company managed to achieve YoY growth due to its strong capabilities to rapidly resume and maintain normal operations after the pandemic came under control.
- GI projects are **still ramping up**, the long-term **Net Present Value** (“NPV”) of future cashflows generated by the GI business 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 Investment in GI

Rapid scale-up:

- Acquired 4 “brownfield” projects and built up 5 “greenfield” projects. 9 projects in operation.
- Shantou Project phase 1 has started commercial operation and expected to ramp up rapidly.
- Xintai Zhengda Project, where part of the new facility is in operation, while construction of the remaining part is expected to be completed by the end of 2021.

On track to build a sizeable GI portfolio:

- RMB726.9 million has been committed/invested in the equity of projects under construction.
- Construction of Shantou Phase 2 is expected to complete by end of 2021.
- Tongshan Project has started construction and is expected to complete in 2021.
- Shanxi Xinjiang Project has started construction and is expected to complete by early 2022.

To date, RMB1.93 billion in equity has been invested /committed.

Update on GI Investments to-date

Status	Total Investments (RMB mm) ⁽²⁾	Project Equity (RMB mm)
In Operation	3,296.0	1,207.4
Under Construction ⁽¹⁾	2,363.0	726.9
Amount Invested and Committed	5,659.0	1,934.3

Notes: based on current estimates or forecast

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

Part of new facility of Xintai Zhengda project has started commercial operation, and the remaining part is under construction.

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

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 3 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 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

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),

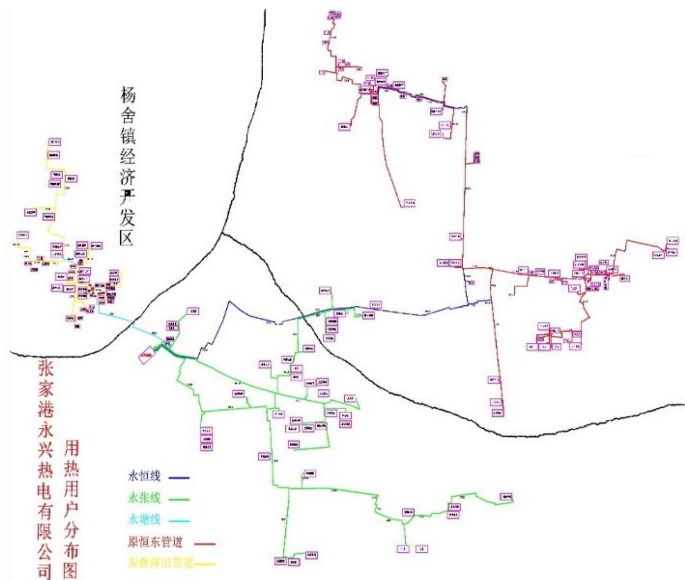
~160 km total length of pipeline.

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.



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 × 220t/h (steam) + 2 × 25MW (electricity).

Pipeline network: ~50 km in length.

Customer mix: >70 captive customers. Recently acquired the exclusive right to supply steam to Sanli for 25 years.

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 in 2020
- **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.

Shantou Project- Phase 1 already in Operation and expected ramp up rapidly

Equity Investments

Phase 1	RMB 167 million	<u>Phase 2 is under construction, and is expected to be completed in 2021</u>
Phase 2	RMB 133 million	

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 of 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.

Xinyuan Project



Investment:

Total investment of ~RMB250 million, secured by RMB85 million in project equity.

About Xinyuan Project:

Location: Jimo, Qingdao, Shandong province.

Capacity	Xinyuan Project
Steam capacity (t/h)	$3 \times 75 + 220 (=445)$
Electricity capacity (MW)	$2 \times 6 + 25 (=37)$

Customer mix: captive customers concentrated in energy, printing and dyeing, clothing industries etc.

Investment Highlights:

Steady growth in the business of steam supply due to solid customer base in the local area, and its current manufacturing capacities have yielded stable sales of electricity.

Development potential of Jimo district is expected to boost growth in the business of Xinyuan Project.

Further expanded clean heat supply coverage area in Jimo district with the signing of a concession agreement to supply a 2 million m² area in Jimo International Trade Park.

Professional and experienced team that ensures continued smooth operation.

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) + 2×75 t/h (steam) + $1 \times B7$ MW (electricity).

Customer mix: ~49 captive customers in printing & dyeing industries. Downstream customers are recovering from the pandemic.

Investment Highlights:

Major upgrades: 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.**

Tongshan Project

Tongshan District



Estimated investment of ~RMB420 million for Phase 1, secured by investment of RMB126 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.

Shanxi Xinjiang Project



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

Construction is expected to complete in the early of 2022.

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.**



01
SUNPOWER
at a Glance

02
Investment
Highlights

03
GI
Performance

04
Financial
Highlights

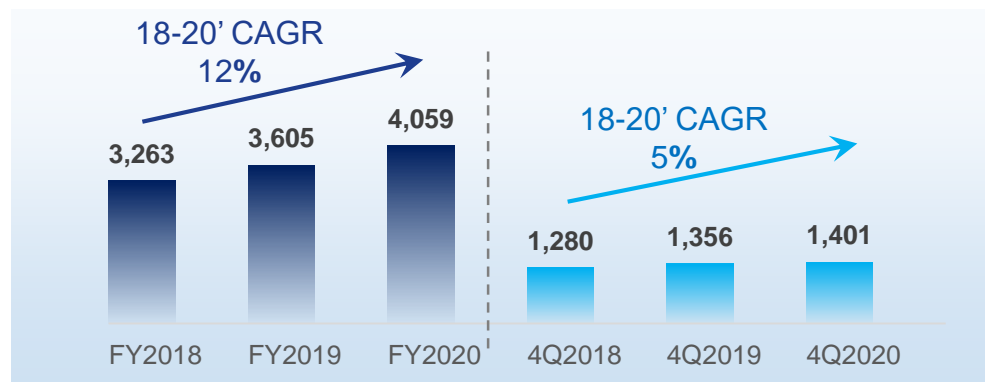
05 Q&A Session

AGENDA

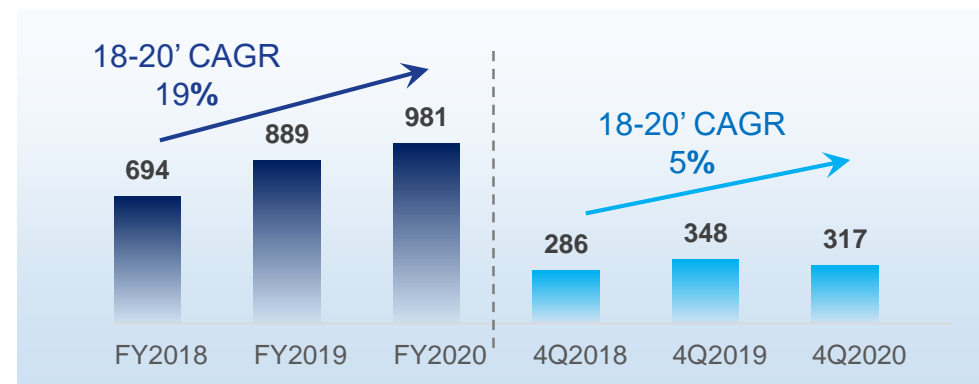
Stepped Up The Pace Despite the Pandemic

- Outperformed in 2020 with record revenue and PATMI ⁽¹⁾
- Proven valuable company with reliable and adaptable business model and strong capabilities to execute and deliver

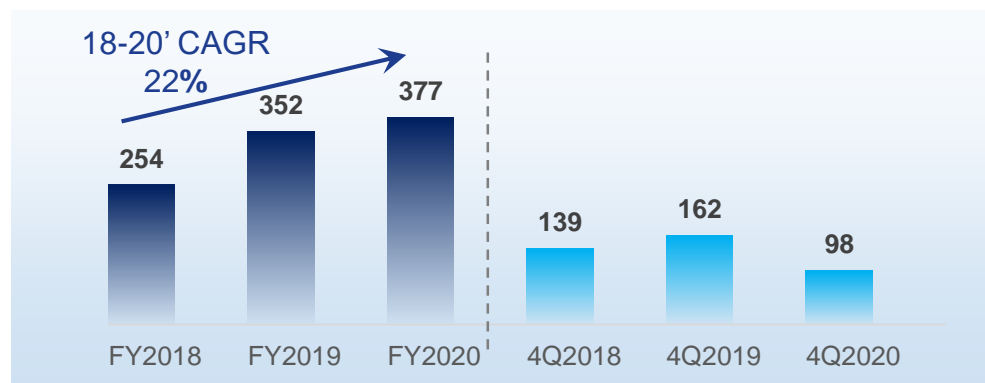
Revenue (RMB mil)



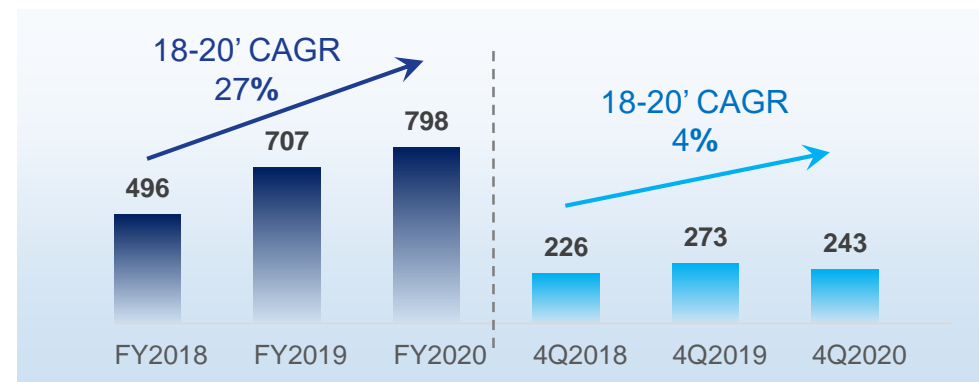
Gross Profit (RMB mil)



PATMI (RMB mil)



EBITDA (RMB mil)

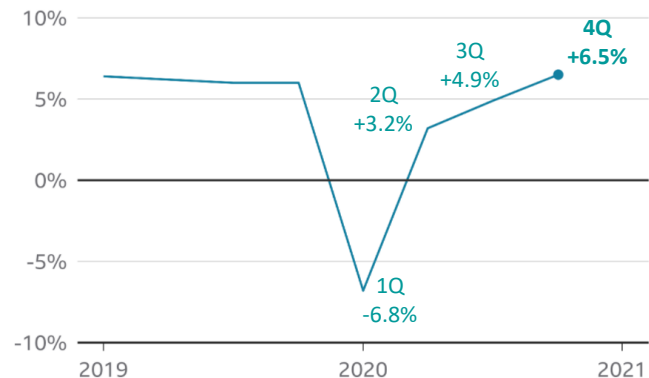


(1) PATMI refers to the “Profit for the year attributable to equity holders” in the “WITHOUT financial effects of Convertible Bonds and Warrants” column of the P&L statement, which adjusts “Profit for the year attributable to equity holders” in the “WITH financial effects of Convertible Bonds and Warrants” column for amortised interest expenses, fair value adjustments and foreign exchange gains or losses associated with the Convertible Bonds and Warrants.

China's GDP Grew 2.3% in 2020 with Robust Economic Recovery

China is the only major economy to grow in 2020

Quarterly year-on-year GDP

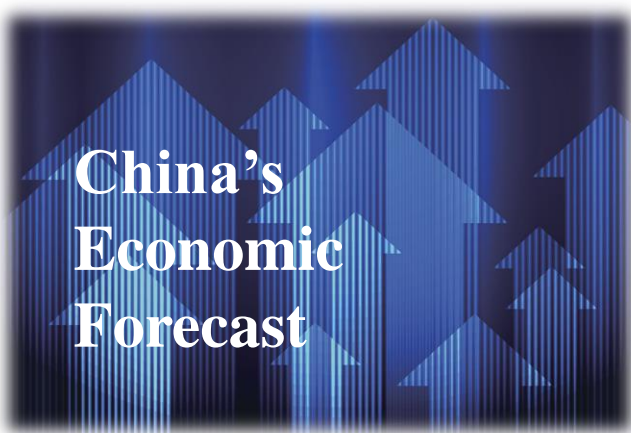


GDP in 2020 grew 2.3% YoY to RMB101.6 trillion, topping RMB100 trillion for the first time despite the pandemic⁽¹⁾

- China was the only major economy to grow in 2020
- National economy recovered steadily with accomplishment of main goals better than expected
- Notable results in stabilizing employment and ensuring people's basic needs

GDP in 4Q 2020 grew 6.5% YoY⁽¹⁾

- Industrial production grew 2.8% YoY in 2020, and 7.1% YoY in 4Q 2020
- Retail sales grew by 4.6% YoY in 4Q 2020, signalling dramatic rebound



Economic Forecasts of China's GDP Growth

2021(F)

S&P Global Ratings ⁽²⁾	7.0%
Asian Development Bank ⁽³⁾	7.7%
Fitch Ratings ⁽⁴⁾	8.0%
Nomura ⁽⁴⁾	9.0%
Natixis ⁽⁴⁾	7.8%
World Bank ⁽⁵⁾	7.9%

Source: (1) National Bureau of Statistics of China (2) <https://www.spglobal.com/ratings/en/research/articles/201202-emerging-markets-risks-to-outlook-balanced-as-recovery-momentum-set-to-pick-up-in-2021-11761662#:~:text=We%20expect%20China's%20econom%20to,and%20exports%20to%20private%20consumption.> (3) <https://www.adb.org/sites/default/files/publication/658721/ado-supplement-december-2020.pdf> (4) <https://www.cnbc.com/2020/12/10/fitch-upgrades-its-china-growth-forecast-for-2021.html> (5) <http://www.worldbank.org/en/publication/global-economic-prospects>

FY2021 Outlook

Barring unforeseen circumstances, the Group expects the following business trends to benefit its business in 2021. Please note that Sunpower's financial results should be viewed on a 12-month basis to arrive at a balanced perspective.

GI Business:

- **Anticipated additional contributions from new plants, namely:**
 - a) Shantou Project, where Phase 1 is in commercial operation and expected to ramp up rapidly. Phase 2 construction is expected to be completed in 2021.
 - b) Xintai Zhengda Project, where part of the new facility is in commercial operation, while construction of the remaining part is expected to be completed in 2021
 - c) Tongshan Project, where construction of Phase 1 is expected to be completed in 2021
- **Continued ramp-up of existing GI projects, mainly driven by:**
 - a) Continuous connection of new customers, following mandatory closures of small dirty boilers, mandatory location and/or relocation of new factories into industrial parks, and/or organic growth of customers and industrial parks served by the Group's GI plants;
 - b) Anticipated increase in demand for steam when Xinyuan Plant starts to supply clean heating to its new 2 million m² concession area in Jimo International Trade Park;
 - c) Changrun Project starts to supply Sanli under its 25-year exclusive supply contract once the construction of pipeline network is complete in 2021

M&S Business:

- Order book of RMB2.9 billion as at end-January 2021



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 “Profit for the year attributable to equity holders of the Company” in the “WITHOUT financial effects of Convertible Bonds and Warrants” column of the P&L Statement, which is after adjusting net profit attributable to shareholders (WITH 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*

	FY2020	FY2019	Change (%)
Revenue (RMB million)	4,058.8	3,604.6	12.6
Gross Profit (RMB million)	981.5	888.6	10.5
EBITDA (RMB million)	798.2	706.6	13.0
PATMI⁽¹⁾ (RMB million)	377.0	352.2	7.0
EPS (RMB cents)	47.8 ⁽²⁾	45.2 ⁽³⁾	5.7

*Without financial effects of Convertible Bonds and Warrants

- (1) PATMI refers to the “Profit for the year attributable to equity holders” in the “WITHOUT financial effects of Convertible Bonds and Warrants” column of the P&L statement, which adjusts “Profit for the year attributable to equity holders” in the “WITH financial effects of Convertible Bonds and Warrants” column 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 (excluding treasury shares) of 789,306,142 ordinary shares.
- (3) Based on the weighted average number of ordinary issued share capital (excluding treasury shares) of 779,268,037 ordinary shares.

Balance Sheet Summary*

(RMB million)	As of 31 December 2020	As of 31 December 2019
Cash and cash equivalents & pledged bank deposits	743.3	797.5
Trade Receivables	1,452.3	1,352.2
Inventories	541.0	545.0
Total Current Assets	3,363.4	3,234.4
Non-Current Assets	4,921.7	4,385.8
Short-term Borrowings	766.4	1,009.6
Current Liabilities	2,950.3	3,191.8
Long-term Borrowings	1,783.1	1,272.2
Convertible bonds liability	794.3	817.0
Equity attributable to equity holders of the Company	2,221.8	1,851.3
Total equity	2,535.1	2,117.9

*Without financial effects of Convertible Bonds and Warrants

Cash Flow Summary*

(RMB million)	As of 31 December 2020	As of 31 December 2019
Net cash generated from operating activities	513.2	436.6
Underlying operating cash flow	535.9 ⁽¹⁾	456.3 ⁽²⁾
Interest expense	108.6	109.9
Net cash (used in) investing activities	(781.1)	(1,243.9)
Net cash from (used in) financing activities	112.1	812.4

(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

Government's Consistent Policies on Anti-Pollution

Year	Policy
2020	Comprehensive Action Plan to Control Air Pollution in Beijing-Tianjin-Hebei and Surrounding Areas, and Fenwei Plain During Autumn and Winter of 2020-21 Comprehensive Action Plan to Control Air Pollution in Yangze River Delta Region During Autumn and Winter of 2020-2021
2019	Comprehensive Action Plan to Control Air Pollution in Beijing-Tianjin-Hebei and Surrounding Areas During Autumn and Winter of 2019-2020 Comprehensive Action Plan to Control Air Pollution in Yangze River Delta Region During Autumn and Winter of 2019-2020
2018	Three-year Action Plan for Winning the Blue Sky War
2017	China's 13th Five-Year Plan for National Eco-environmental Conservation Guidance to Boost the Development of Biomass Heating
2016	Heat-power Cogeneration Measures Environmental Protection Tax Law
2015	Clean and Efficient Use of Coal Action Plan (2015-2020) Full Implementation of Work Plan for Ultra-low Emission and Energy Conservation of Coal-fired Power Plants
2014	Circular on Issurance of Implementation Plan for the Comprehensive Improvement in Energy Conservation and Environmental Protection by Coal-fired Boilers
2013	Air Pollution Prevention Action Plan



01
SUNPOWER
at a Glance

02
Investment
Highlights

03
GI
Performance

04
Financial
Highlights

05 Q&A Session

AGENDA

Disclaimer

This presentation is not financial product advice and prepared for informational purposes only, without regard to the objectives, financial situation nor needs of any specific person.

This presentation and the information contained herein does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire securities of Sunpower Group Ltd. (“Sunpower” or the “Company” and together with the subsidiaries, the “Group”) in any jurisdiction or an inducement to enter into investment activity, nor may it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

The information herein has been prepared by the Company solely for use in this presentation. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. To the maximum extent permitted by law, none of the Company, the Group or any of its affiliates, advisors or representatives will be liable (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation.

This presentation includes forward-looking statements and financial information provided with respect to the anticipated future performance of the deal and involve assumptions risks and uncertainties based on the Company’s view of future events. Accordingly, there can be no assurance that such projections and forward-looking statements can be realized. The actual results may vary from the anticipated results and such variations may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions of the forward-looking statements and financial information based thereon. The Company undertakes no obligation to update forward-looking statements and financial information to reflect subsequent occurring events or circumstances, or to changes in its expectations, except as may be required by law. The past performance of the Company and the Group is not necessarily indicative of the future performance of the Company or the Group.

Neither this presentation nor any of its content may be distributed, reproduced, or used for any purpose without the prior written consent of Sunpower. By accessing to this presentation, you agree not to remove or revise this document, or any materials provided in connection herewith. You agree further not to photograph or publish these materials, in whole or in part, in any form or pass on these materials to any other person for any purpose.