



FY2013 Result Briefing

25 February 2014

Disclaimer

Any statements regarding the potential future performance of the Group are based upon a range of assumptions which Sunpower's management, from their experience, believe are reasonable. However, these statements are estimates only and no assumption can be guaranteed. Any differences between actual conditions and the assumptions may result in a material variance between the actual future performance of the Group and that estimated in this presentation.

Presentation Outline

- ◆ Corporate Overview
- ◆ FY2013 Results Highlights
- ◆ Growth Strategies & Plans
- ◆ Investment Merits
- ◆ Questions and Answers

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Corporate Overview

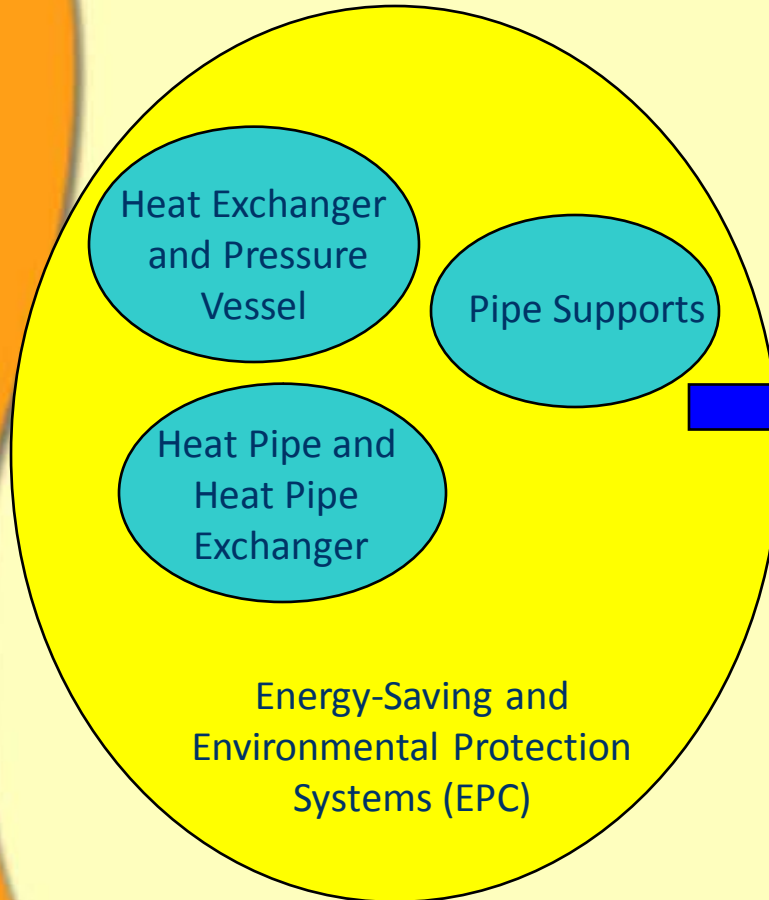
Corporate Overview

- ❖ Established in 1997, listed on SGX in 2005.
- ❖ A leading EPC supplier for energy-saving and energy efficiency related business, namely as Heat Exchanger and Pressure Vessel, Heat Pipe and Heat Pipe Exchanger, Pipe Supports and Energy-Saving & Environmental Protection Systems.
- ❖ With our leading position in the domestic market, the Group has established a well-diversified global customer base by exporting products to overseas countries and regions such as the United States, Europe, Australia, Southeast Asia, South Asia, Central Asia, South America and the Middle East.
- ❖ Our products have been applied in many industries such as oil & gas, petrochemical & chemical, metallurgical, LNG, coal chemical, seawater desalination, sulfur recovery and other emerging energy-saving industries.
- ❖ Strong intellectual properties with 105 patents on hand, National Standards for 4 products, research institute for industrial energy-saving, postdoctoral program, corporate academician programmes.



Business Model

Products & Services Provided



MNCs Customers

BP	BASF
Mobil	CTCI
CNPC	Technip
Shenhua	SINOPEC
CREC	CNOOC
Dupont	Flour
Dow	Uhde
Samsung	Alcoa
Celanese	Bayer
FosterWheeler	Sasol
TOYO	Shell
Sabic	Braskem
HQCEC	MITSUBISHI
LANXESS	

The list is endless.....

Patents 105 (4 added)

Heat Pipes and Heat Pipe Exchangers
28



Heat Exchangers and Pressure Vessels
29



Pipe Supports 14



Energy Saving and
Environmental Protection
Systems
34



Growth Drivers

- ❖ According to the PRC 12th five-year plan, the total investment will keep increasing rapidly which is expected to exceed 3 trillion in the domestic environmental protection industries. Expectedly in 2015, the energy-saving and environmental protection industry will become a new pillar industry in china that the investment accounts for exceed 1.5% of GDP.
- ❖ The government has issued some related industrial policies to support the energy-saving and environmental protection fields such as energy efficient technology and equipment, advanced environmental protection technology and equipment and so on, as well as the preferential policies in the fiscal, taxation and financial aspects.

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FY13 Results Highlights

FY13 Result Highlights

- ❖ Revenue increased 11.0% to RMB1,302.6 million.
- ❖ Pre-tax profit reduced 14.9% to RMB68.2 million.
- ❖ PATMI decreased 11.4% to RMB53.8 million.
- ❖ Gross profit margin decreased from 25.0% to 21.3%.

FY13 Result Highlights

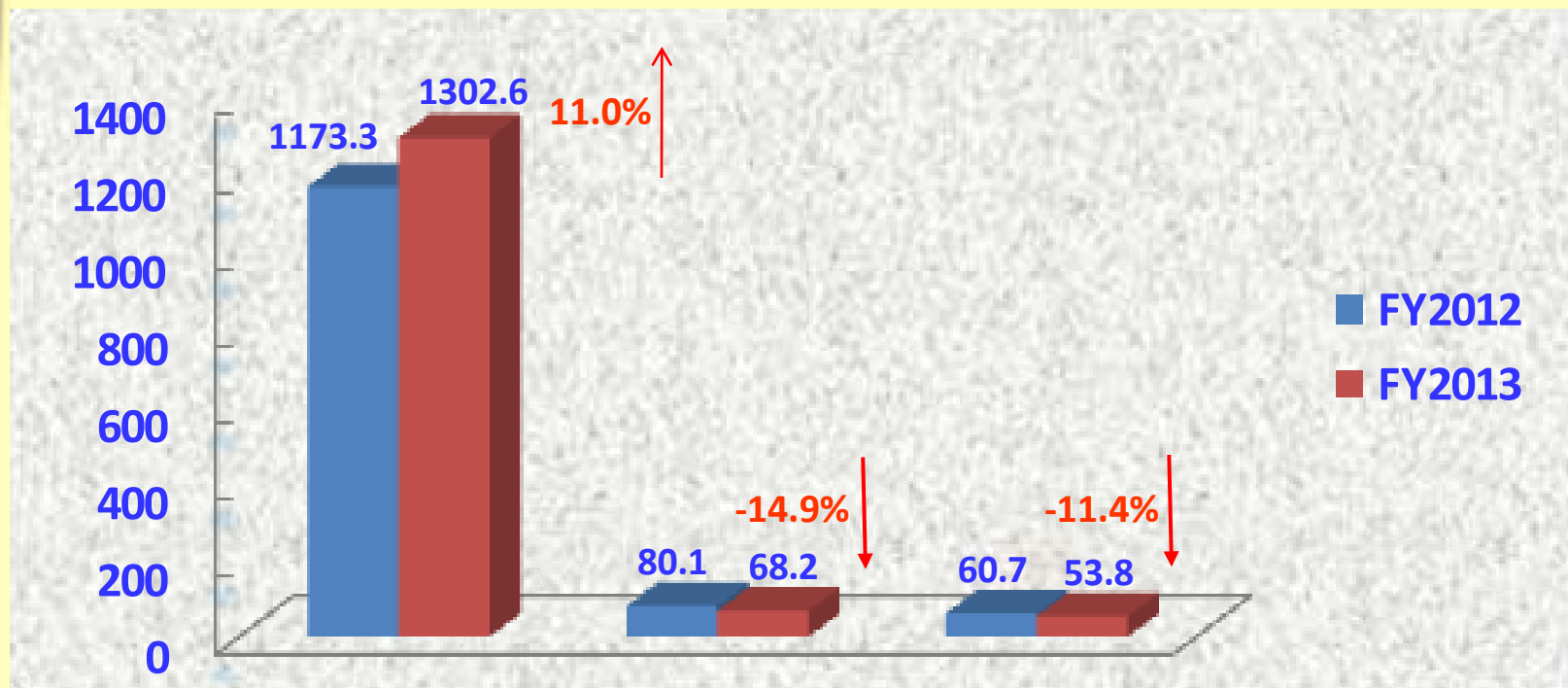
- ❖ The Group's revenue increased by 11.0% to RMB 1,302.6 million in FY2013 as compared to the corresponding year. This was mainly attributed to the increase in revenue of RMB 195.8 million from Heat Exchangers and Pressure Vessels segment, which offset the decrease in revenue resulted from Heat Pipes and Heat Pipe Exchangers segment of RMB 73.5 million.
- ❖ The Group posted a profit before tax of RMB 68.2 million for FY2013, a decrease of RMB 11.9 million or 14.9% as compared to the corresponding year mainly due to the decrease in gross profit of RMB 15.3 million and the increase in other operating expenses of RMB 5.3 million, offset the increase in other operating income of RMB 3.9 million and the decrease in finance costs of RMB 4.7 million.
- ❖ The Group's net profit attributable to the shareholders decreased by RMB 6.9 million or 11.4% from RMB60.7 million in FY2012 to RMB 53.8 million in FY2013.

Profit & Loss Highlights

RMB (million)	FY2013	FY2012	% Change
Revenue	1,302.6	1,173.3	11.0
Gross Profit	278.1	293.3	-5.2
Pre-tax Profit	68.2	80.1	-14.9
PATMI	53.8	60.7	-11.4
Gross Margin	21.3%	25.0%	-14.8
PATMI Margin	4.1%	5.2%	-21.2
EPS (RMB cents)	16.4	18.5	-11.4

Profit & Loss Highlights

RMB (million)



Revenue

Pre-tax Profit

PATMI

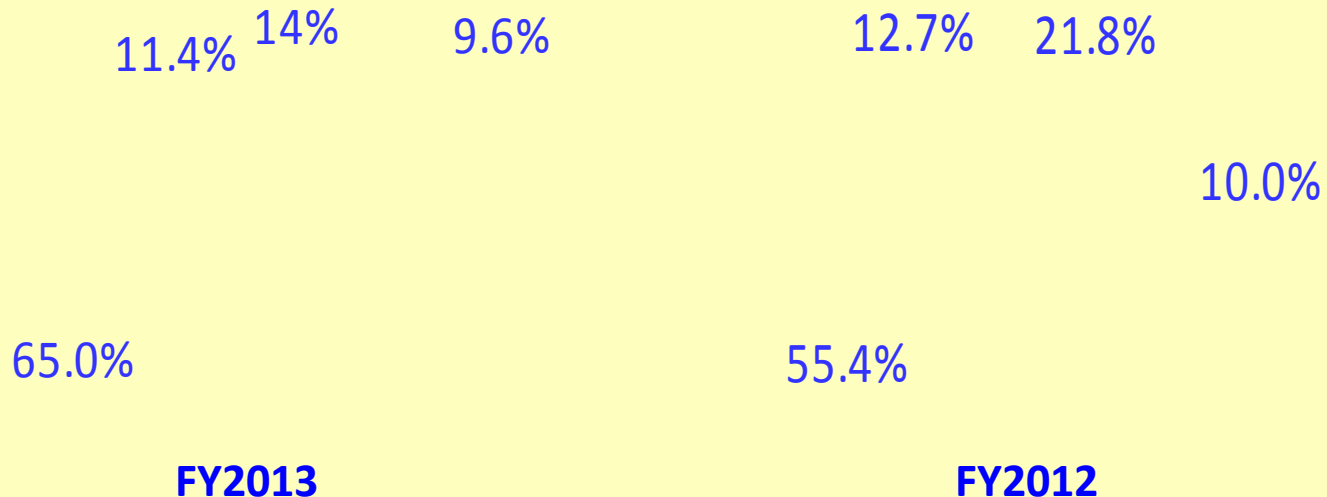
Revenue Composition

Heat pipes and heat pipe exchangers

Pipe supports

Heat exchangers and Pressure vessels

Energy saving and environmental protection systems



FY2013

FY2012

Balance Sheet Summary

RMB (million)	FY2013	FY2012	% Change
Trade Receivables	1,162.7	1,059.8	9.7%
Inventories	252.3	228.8	10.3%
Total Current Assets	1,690.8	1,618.8	4.4%
Non Current Assets	347.3	287.2	20.9%
Current Liabilities	1,438.8	1,355.4	6.2%
Equity	596.8	548.5	8.8%
Total Liabilities & Equity	2,038.1	1,906.1	6.9%

Financial Review

The Group's total current assets increased by approximately RMB 72.0 million or 4.4% from RMB 1,618.8 million to RMB 1,690.8 million as at 31 December 2013 due to:

- ❖ Increase in trade receivables of RMB 102.9 million as a result of slower collections and increase in outstanding notes receivables with recourse of approximately RMB 63.4 million;
- ❖ Increase in inventories of RMB 23.5 million due to increased work-in-progress to cater to the projects on hand; offset by
- ❖ Decrease in other receivables, deposits and prepayments of RMB 24.8 million; and
- ❖ Decrease in cash and bank balances and pledged bank deposits of RMB 29.6 million in aggregate.

Financial Review

The Group's total current liabilities increased by approximately RMB 83.4 million or 6.2% from RMB 1,355.4 million as at 31 December 2012 to RMB 1,438.8 million as at 31 December 2013 mainly due to:

- ❖ the increase in trade payables of RMB 20.2 million mainly due to higher notes payables with recourse of RMB 63.4 million offset by the decrease in customer advances of RMB 44.1 million;
- ❖ the increase in other payables of RMB 30.6 million largely due to increase in value-added taxes and other tax liabilities of RMB 36.4 million; and
- ❖ the increase in short-term borrowings of RMB 28.9 million for financing of working capital purposes.

Cash Flow Highlights

RMB (million)	FY2013	FY2012
From Operating Activities	17.2	165.9
Used In Investing Activities	-72.9	-51.4
From (Used In) Financing Activities	32.6	-79.1
Net Cash Flow	118.8	142.4

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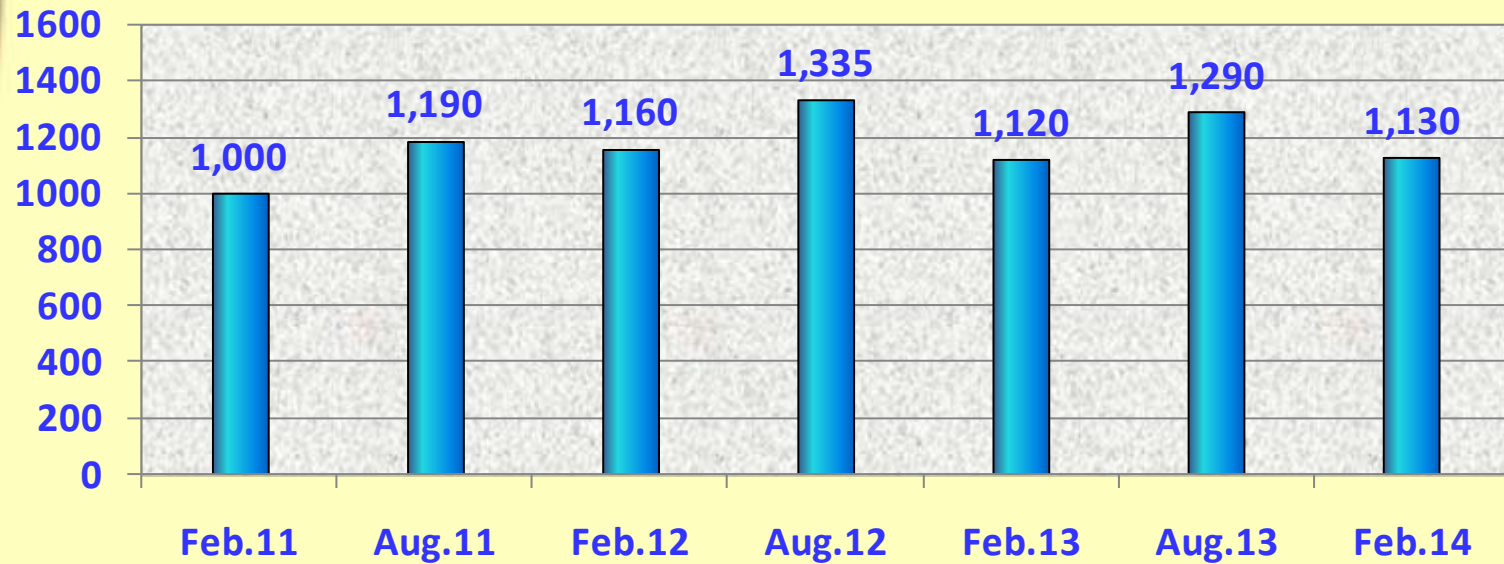
Growth Strategies & Plans

Growth Strategies & Plans

- ❖ Increase the R&D investment and integrate the markets and resources to strengthen our EPC business.
- ❖ Based on our main business we also want to look for good chance to enter the upstream and downstream industries at the appropriate extension in order to optimize the industrial layout.
- ❖ Expand to the coal chemical and other emerging industries in order to increase the profit point.
- ❖ Adjust the organizational structure, optimize the management system and strengthen the construction and management of team.

Order book Update

RMB (million)



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Investment Merits

Investment Merits

- ❖ A leading player with high reputation and brand recognition in energy-saving & environmental protection and related industries
- ❖ Long term demands for energy-saving and environmental protection industry as a result of worldwide low carbon economy wave and the policy of sustainable development in China
- ❖ Stable relationships with more high-end and premium clients

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Questions & Answers

Thank you!