



SUNPOWER GROUP LTD.

Founded in 1997 & Listed since 2005

Investor Presentation

28 February 2024



AGENDA

01 Sunpower Group At a Glance

02 Investment Highlights

03 Project Updates

04 Outlook

05 Q&A Session

Sunpower Group at a Glance

Leading provider of clean industrial steam that generates recurring, long-term, high-quality income

Pioneer in application of the **Circular Economy Model** and helps to achieve **Carbon Peak and Carbon Neutrality** in China. Practices **ESG** in all aspects

GI

Focused on the investment and operation of centralised facilities to supply:

- › Clean industrial steam to a wide range of diverse industries
- › Pollution-free civil heating to a large base of households
- › Electricity to the State Grid
- › Certain projects supply new products such as compressed air

Sizeable GI Portfolio 11 in operation	Exclusive Concessions Typically ~30 years	Recurring Income 100%	Double-digit project IRR	Ultra-low Emissions Capability	Circular Economy Model Helps industrial parks achieve ultra-low emissions
+ Robust pipeline	Typically B2B arrangement with price adjustment mechanism	Total Pipeline Length ~406 km	Number of Customers ~521 ⁽¹⁾	Number of Customer Industries ~20	

(1) Dynamic data that accounts for the net change in the number of customers.

Sunpower Group at a Glance

➤ Listed in the **2023 Top 500 China Energy Enterprise (Group)**, and is recognized as a member by national and provincial associations including **China Association of Environmental Protection Industry** and awarded “Advanced Unit for **Green and Low-Carbon** Development under 14th Five-Year Plan”



➤ **GI Business Maintained Strong Growth despite Challenges:**

For FY2023, total steam sales volume rose 20.6% YoY to record high of 10.47 mil tons, GI recurring revenue⁽¹⁾ rose 13.2% YoY to RMB3,261.5 mil, GI recurring EBITDA⁽¹⁾ rose 58.0% YoY to RMB944.8 mil, and GI recurring PATMI⁽¹⁾ rose 114.9% YoY to RMB340.0 mil

Total steam sales volume between FY2020 and FY2023 rose by a CAGR of **~24.2%** while GI recurring revenue⁽¹⁾ increased by a **CAGR of 34.7%** over the same period.

➤ **Focus on improving shareholders’ value and investor return:** A substantial **special dividend of S\$0.2412** per share was paid in 2021 following the disposal of M&S business



(1) Please refer to the FY 2023 Earnings Release or slide 38 of this presentation for definition.



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Investment Highlights

- 1 **Leading** Industrial Service Provider with Long-term Strategy in **Alignment** with National Policies
- 2 Robust and **Superior Business Model** Generating **Long-term, Recurring** Income
- 3 **Strong Financial Performance** with **Significant Growth**
- 4 Well-positioned to Realise **Long-term Growth Potential** with Established **Sizeable Portfolio** and **Strong Pipeline**
- 5 Professional and Disciplined **Management Team** with **Strong Execution Capabilities and Entrepreneurship**
- 6 **Operation and Management Systems** are Well Established
- 7 Practises **ESG and Sustainability Values** in Every Aspect
- 8 DCP and CDH are **Strategic Institutional Investors**

Leading Industrial Service Provider with Long-term Strategy in Alignment with National Policies

01

Leading market position with sizeable high-quality GI portfolio across developed areas in China

- › **Best-in-class industrial steam supplier**
Rapid expansion and quick scale-up to 11 projects in operation
- › **Industry pioneer with strong brand equity**

2023 CHINA ENERGY GROUP TOP 500 LIST



BEST MANAGED COMPANIES
民企卓越管理公司

In alignment with national policies:

The 20th National Congress of the Communist Party of China ⁽¹⁾

14th Five-Year Plan (2021-2025) ⁽²⁾

... ..

- To reach peak carbon emissions in a well-planned and phased way
- To better control the amount and intensity of energy consumption
- To promote the clean and high-efficiency use of coal
- To improve the statistics and accounting system and the cap-and-trade system for carbon emissions
- To promote **centralized steam facilities**
- To promote **Circular Economy Development**
- To promote the development of circular economy industrial parks
- To promote more efficient resource utilization
- To promote mass production model that emphasizes resource conservation and recycling

(1) http://english.www.gov.cn/news/topnews/202210/25/content_WS6357df20c6d0a757729e1bfc.html

(2) http://english.www.gov.cn/policies/policywatch/202107/08/content_WS60e639b0c6d0df57f98dc92b.html

Leading Industrial Service Provider with Long-term Strategy in Alignment with National Policies

02

Best “clean” solution for rising steam demand



Strategy aligned with the goals of Carbon Neutrality and Carbon Peak, and facilitates the early achievement



Already contributed to boiler shutdowns that reduced emissions

GI projects in operation have helped close **hundreds of** small highly pollutive low-efficiency boilers



Eliminate “Multiple” pollution risk sources with just “One” centralized clean facility that achieves emission levels equal to or even lower than the national standard for natural gas emissions



Annual reduction of CO₂ emissions > **600,000 tons**



Expected to replace **more** high-polluting small boilers



Annual reduction of dust, SO₂ and NO_x > **65,000 tons**

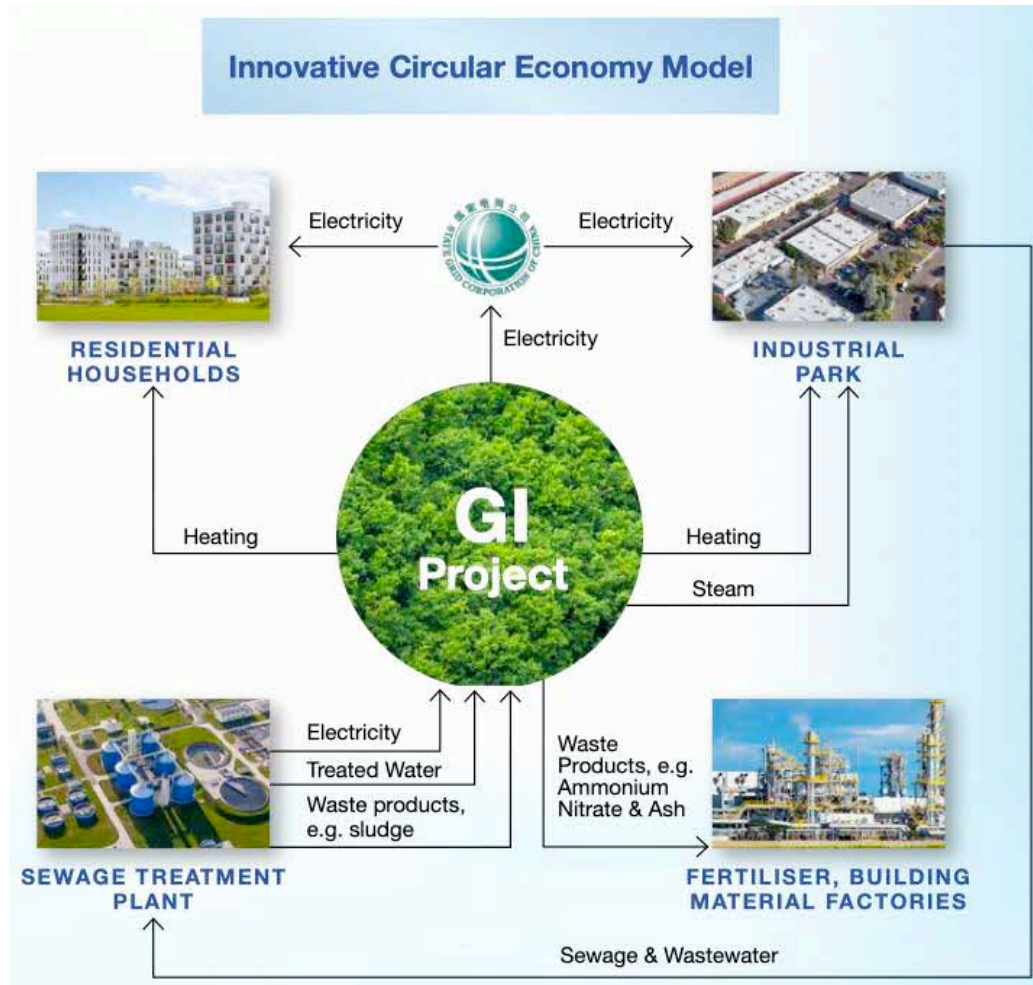


Leading Industrial Service Provider with Long-term Strategy in Alignment with National Policies

03

Pioneer adopter of the Circular Economy Model (“CEM”)

The 14th Five-Year Plan promotes development of **circular economy** industrial parks and **centralised steam facilities**



Benefits for Society

- Achieves the comprehensive utilization of resources.
- Helps solve people’s livelihood problems and improve their well-being.
- Facilitates the development of the circular economy of the country.



Benefits for Industrial Parks

- Helps parks eliminate multiple sources of pollution risks, and ensure safe and controlled emissions.
- Helps enterprises to achieve quality and sustainable development.
- Help parks attract new investments and expand further, thus achieving win-win development.



Benefits for the Shareholders

- Realises additional revenue from sludge treatment and sale of waste products.
- Realises greater economies-of-scale from an integrated operational model
- Reduces costs from measures such as blending sludge as a coal substitute and use of treated recycled water.

Robust and Superior Business Model Generating Long-term, Recurring Income

01

High entry barriers

- Typically ~ **30-year exclusive concession rights** with first right of renewal
- Extensive network of pipelines enhance de facto exclusivity for industrial steam supply

02

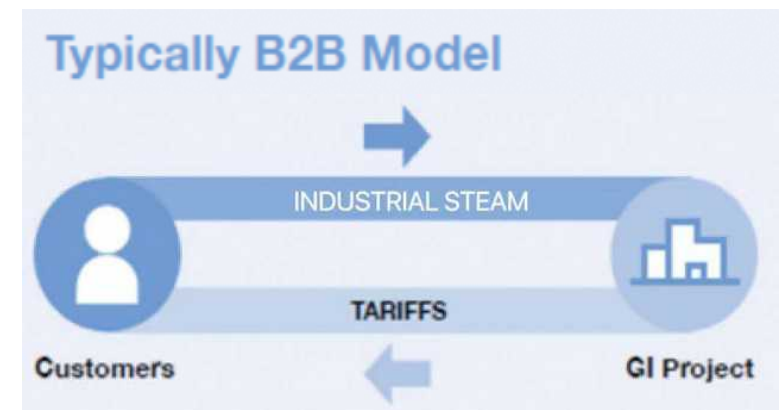
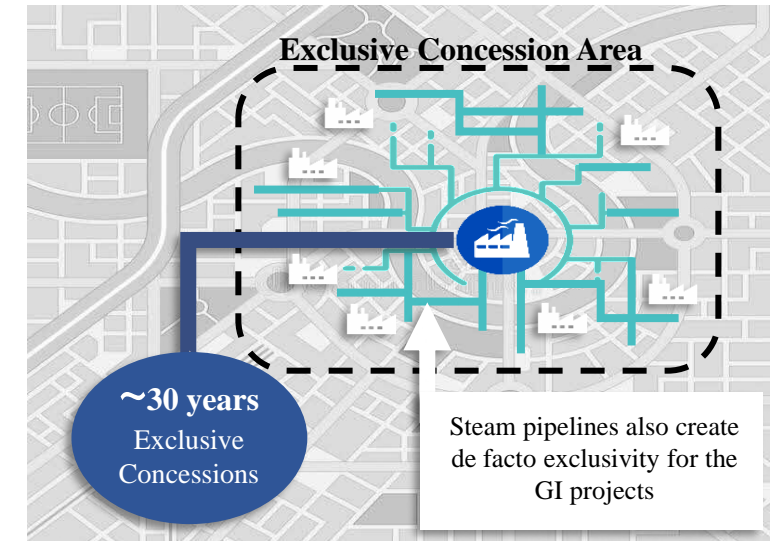
Strong tariff collection

- Typically B2B model
- Contracts to supply industrial steam are signed with customers instead of the government
- Steam is a non-discretionary production input and the GI plant is typically the exclusive centralised supplier within its coverage area

03

Price adjustment mechanism links feedstock cost to industrial steam price

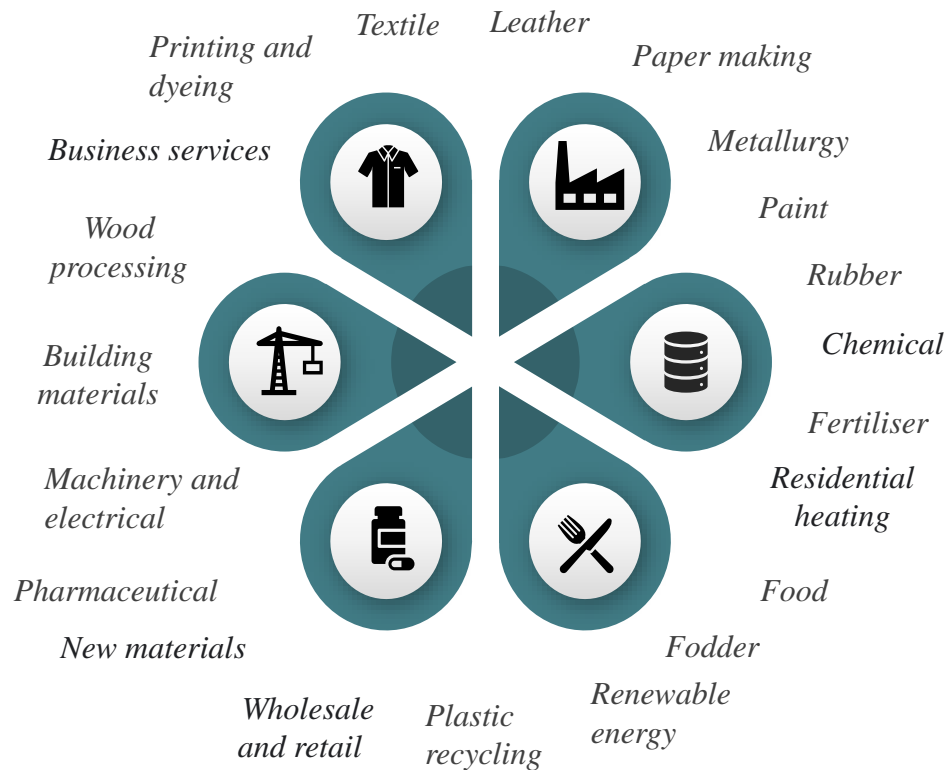
- Usually 2 ways to adjust: 1) primarily to adjust based on certain change of the fuel price with customers; 2) to adjust based on the government price guidance
- Allows long-term profitability when viewed across cycles
- Maintain operational flexibility to achieve long-term growth



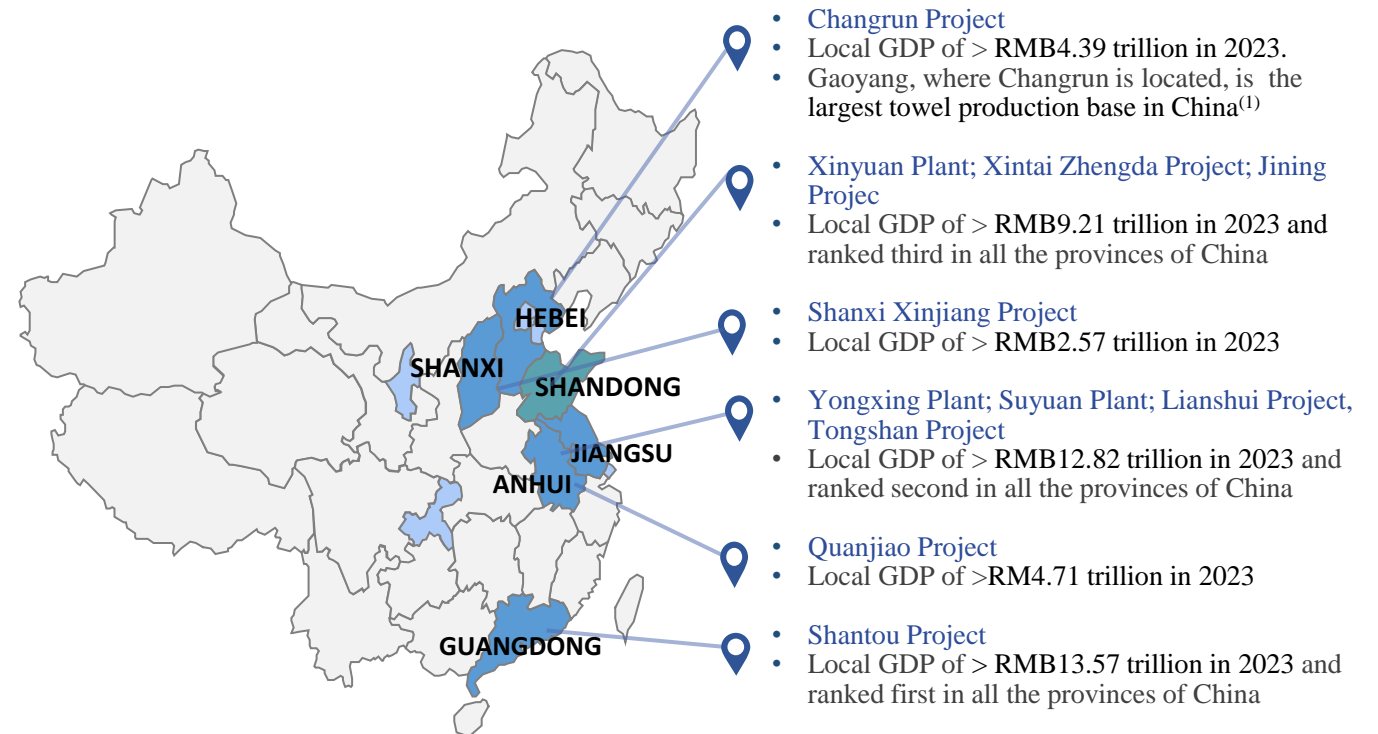
Robust and Superior Business Model Generating Long-term, Recurring Income

04 Resilient demand for steam

➤ **Large and captive customer base** from a **diverse and wide range of industries**



➤ **Strong economic viability** of downstream customer enterprises as they are located in the industrial parks that either have strong economic viability in economically developed areas or have industry clusters of excellence



(1) <https://zixun.gpbctv.com/zixun/202104/154040.html>

Robust and Superior Business Model Generating Long-term, Recurring Income

05

Application of innovative technologies

➤ Long Distance Steam Distribution Pipelines Technology

- Increase geographical reach to captive customers. Achieve economies of scale
- Reduce feedstock ~ minimal temperature and pressure lost in transmission

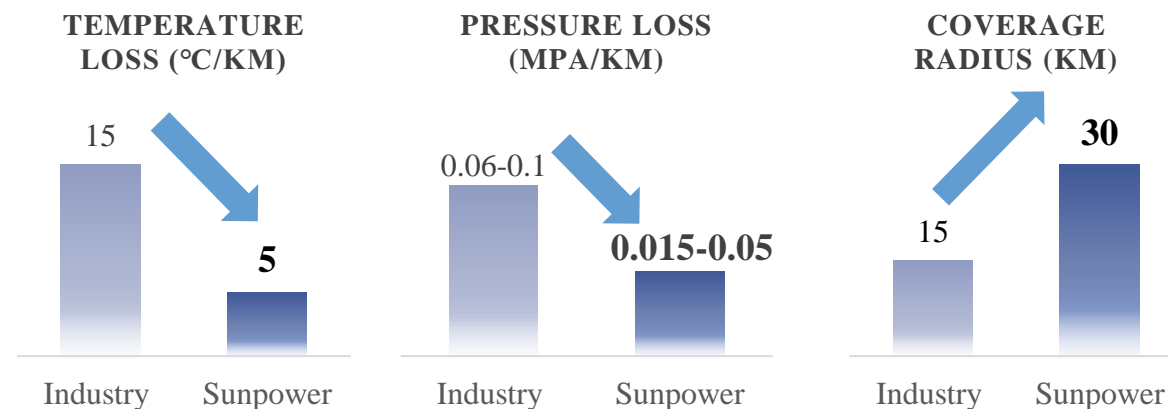
➤ Environmental Protection Technologies

- Low nitrogen combustion technology
- Desulphurisation and denitrification technology
- Technology to eliminate haze and ammonia escape
- Bag filter + wet electrostatic precipitator

➤ Energy Saving Technologies

- High efficiency heat exchange technology
- Gas-gas heater technology
- Low temperature economiser technology
- Flue gas sludge drying & comprehensive utilisation technology

➤ **Strong and proven ability to revamp and upgrade** acquired plants to improve operational efficiency



Ability to meet or be even lower than emission standard of natural gas

Emission Limit (mg/m ³)	Newly-built Coal-fired Boilers ⁽¹⁾	Newly-built Coal-fired Power Generation Boilers ⁽²⁾	Coal-fired Power Generation Boilers in Key Areas* ⁽²⁾	Natural Gas Boilers & Gas Turbines ⁽²⁾	Sunpower's Capabilities
Dust	50	30	20	5	< 5
SO ₂	300	100	50	35	< 35
NO _x	300	100	100	50	< 50

(1) 'Boiler Air Pollutant Emission Standard' by the Ministry of Ecology and Environment of the PRC (GB13271-2014)

http://www.mee.gov.cn/ywgz/fgbz/bz/bzwb/dqhjbh/dqgdwrywrwpfbz/201405/t20140530_276318.shtml

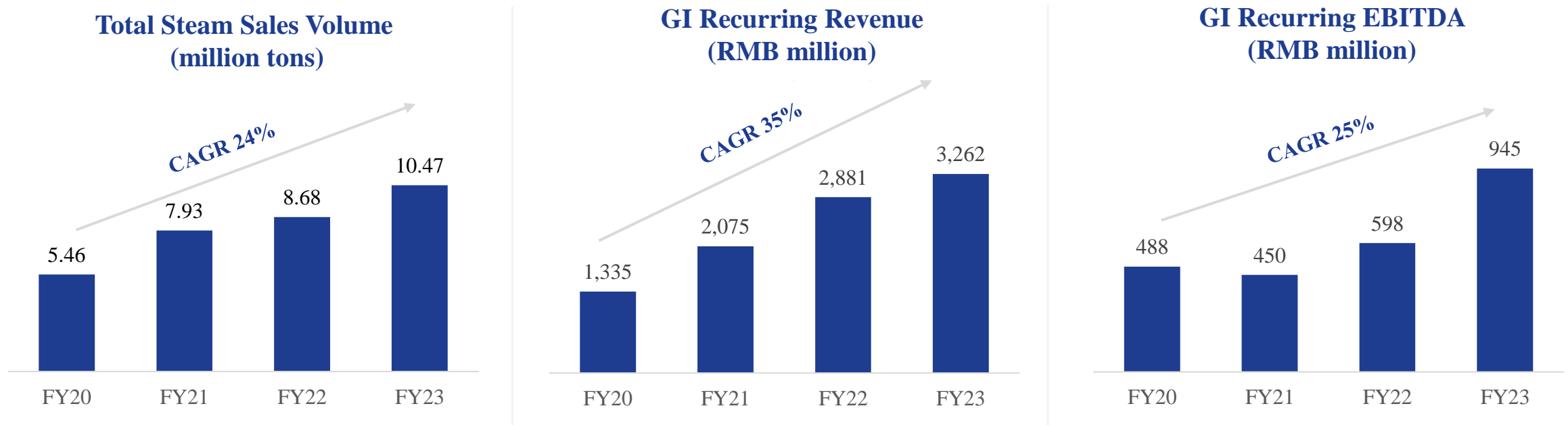
(2) 'Emission Standard of Air Pollutants for Thermal Power Plants' by the Ministry of Ecology and Environment of the PRC (GB 13223-2011)

http://www.mee.gov.cn/ywgz/fgbz/bz/bzwb/dqhjbh/dqgdwrywrwpfbz/201109/t20110921_217534.shtml

* Key regions mainly refer to the Beijing-Tianjin-Hebei region, the Yangtze River Delta and the Pearl River Delta region

Strong Financial Performance with Significant Growth

- **Demand for steam remained strong:** GI business bounced back from pandemic and other cumulative challenges: In FY2023, total steam sales volume rose **20.6%** YoY to record high of 10.47 million tons, while GI recurring revenue rose **13.2%** YoY to RMB3,261.5 million
- GI recurring EBITDA rose **58.0%** YoY to RMB944.8 million, GI recurring PATMI rose **114.9%** YoY to RMB340.0 million
- Greater growth in profit mainly due to GI project ramp-up, benefits of economies-of-scale, well-executed price adjustment mechanism, and refined management practices, etc.



* Please refer to the FY 2023 Earnings Release or slide 38 of this presentation for definition.

Well-positioned to Realise Long-term Growth Potential with Established Sizeable Portfolio and Strong Pipeline

01

The existing GI portfolio is still ramping up utilisation and is expected to have long-term growth potential

Key Growth Drivers



Organic growth of some customers and industrial parks served by GI plants



Continuous closures of small boilers drive demand to centralised facilities



Enterprises' continuous relocation to industrial parks due to government mandate and/or cost benefits



Technological transformation and upgrades that improve project profitability



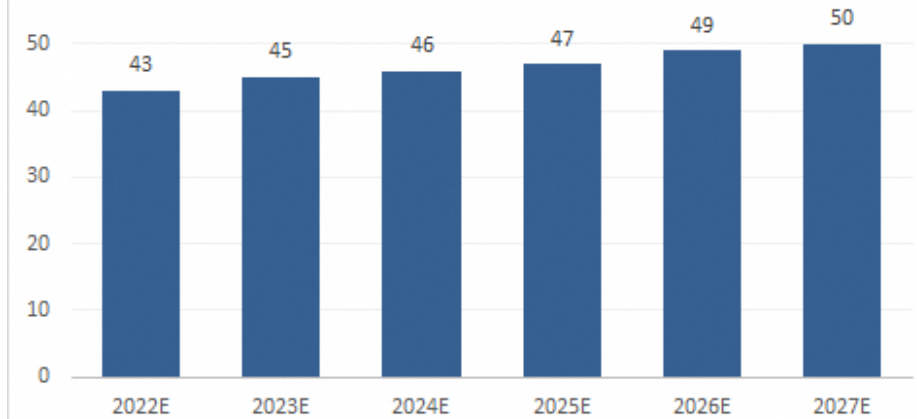
Well-positioned to Realise Long-term Growth Potential with Established Sizeable Portfolio and Strong Pipeline

02

Large demand for urban heat supply to provide enormous growth potential for GI business

- The total demand for China's urban steam industry will continue to increase with the promotion of energy conservation and emission reduction
- This is expected to provide enormous growth potential and opportunities for GI

Forecast of total demand of China's urban steam supply industry from 2022 to 2027 (100 million GJ)

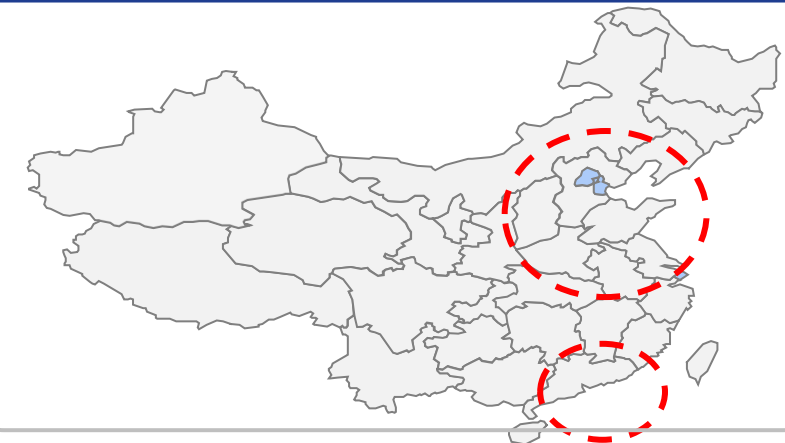


03

Strong pipeline of high-quality projects to fuel continued growth in the foreseeable future

- Disciplined investment strategy
- Robust pipeline of projects in economically developed areas

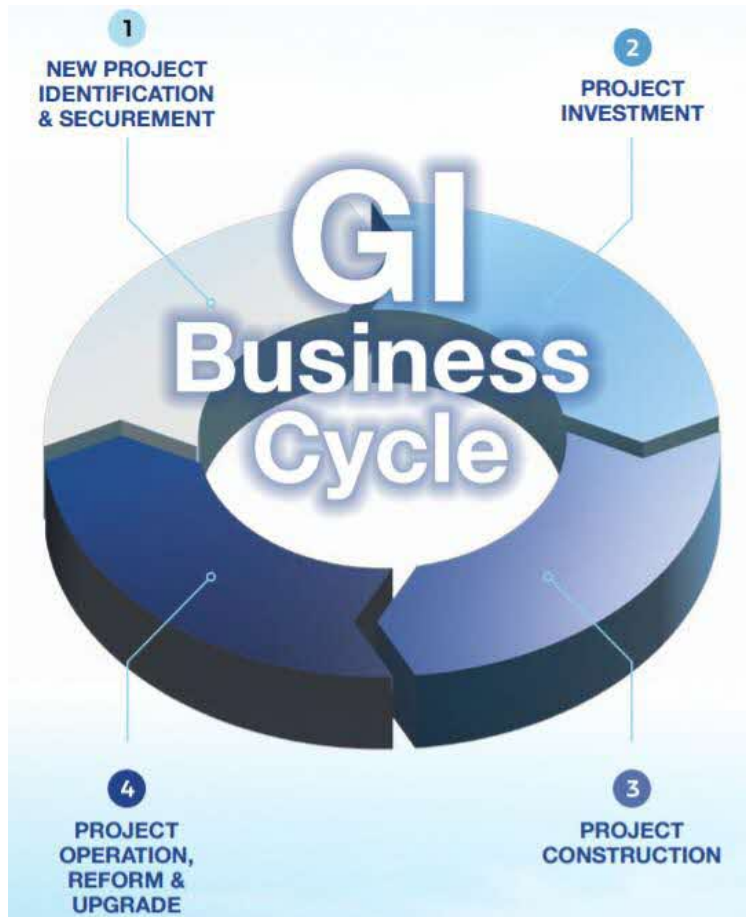
Pipeline under Evaluation



Well-positioned to Realise Long-term Growth Potential with Established Sizeable Portfolio and Strong Pipeline

04

Mature and replicable business model with a unique competitive edge across the GI business cycle to drive sustainable growth



01

- › Established and proven track record
- › Experienced business teams
- › Disciplined project sourcing and evaluation process
- › Robust pipeline being evaluated

03

- › Experienced in project planning, management and construction
- › Complete supervision system that reduces potential construction and cost overrun risks
- › Ability to apply integrated technologies for environmental protection & energy-saving

02

- › Ability to establish high entry barriers
- › Resilient and adaptable GI business model
- › Strong strategic support by renowned PE firms DCP and CDH
- › Multiple potential sources of capital to fund GI growth strategy

04

- › Seasoned management with proven track record in achieving excellent results
- › Adoption of Circular Economy Model
- › Refined management of each project
- › Know-how to reform and upgrade acquired plants to improve operational efficiency

Professional and Disciplined Management and Operational Team with Strong Execution Capabilities and Entrepreneurship

Senior management are proven professionals with personal integrity

The management's proven capability to navigate the company through the various challenges will lay a strong foundation for future growth

➤ Top management team remains stable

- Post-M&S disposal, the GI business continues to be led by Mr Ma, co-founder of Sunpower

➤ Extensive experience of decades in GI business

- Seasoned and well-disciplined executives with specialised skills, strong execution capabilities and entrepreneurship



Ma Ming

Co-Founder & Executive Director



Tang Hao

Group Vice President
General Manager of JSCE⁽¹⁾



Shi Shaolin

Group Financial Director
Deputy General Manager of JSCE⁽¹⁾



Sha Jianhua

Deputy General Manager of JSCE⁽¹⁾



Zheng Xiaodong

Deputy General Manager of JSCE⁽¹⁾

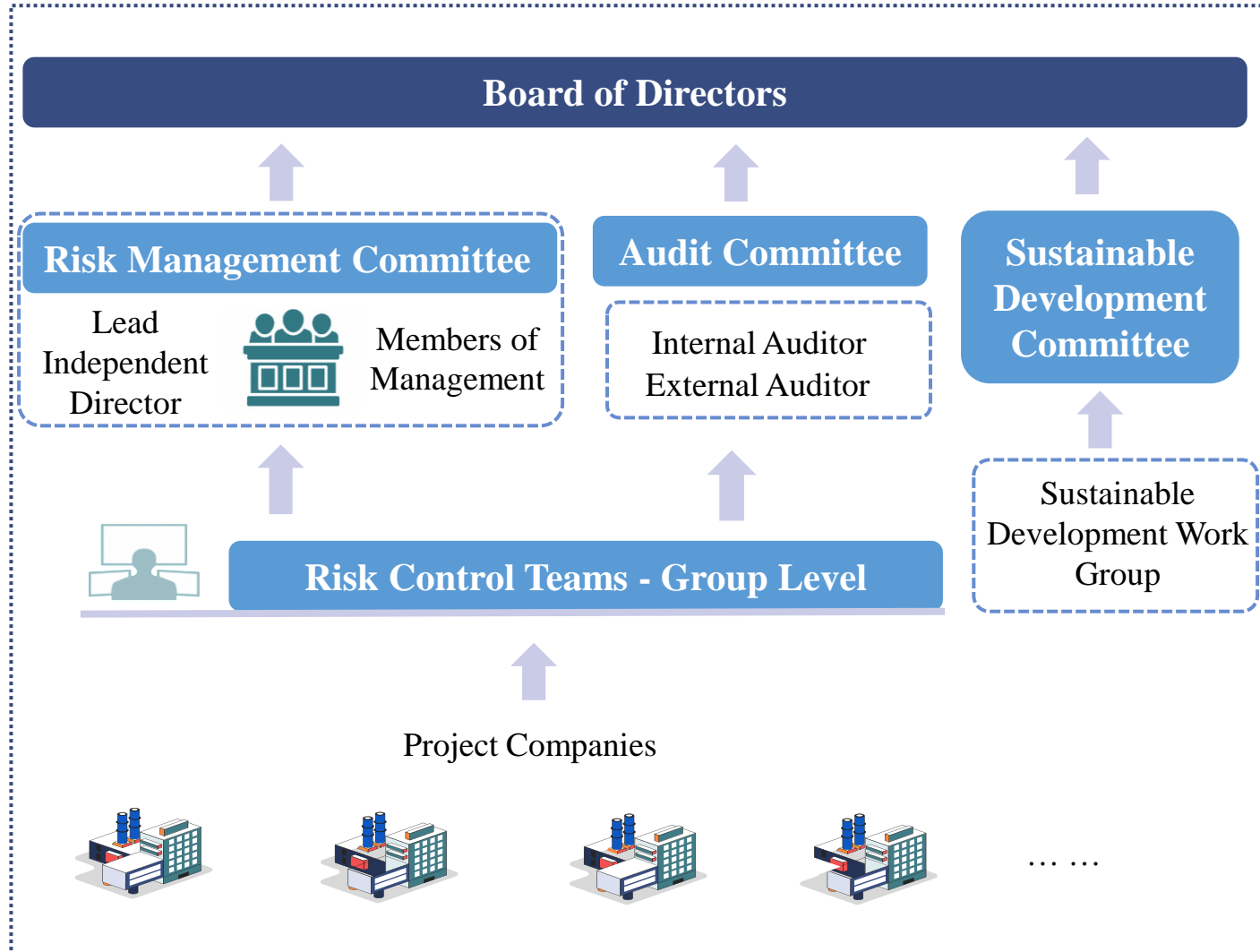


Xu Jun

Deputy Chief Engineer of JSCE⁽¹⁾

(1) JSCE refers to Jiangsu Sunpower Clean Energy Co., Ltd.

Operation and Management Systems are Well Established



- › Sunpower’s management has created and refined an **Operational Management System** that targets to maximise efficiency and effectiveness and reduce the Group’s exposure to risks.
- › **Centralised management model** that integrates resources for better technological innovation, transformation and refined management, as well as good control of procurement cost and oversight of a sizeable portfolio of GI projects across China.
- › **Comprehensive Budget Management System** has been in place for decades.
- › **Sustainable Development Committee** was set up to facilitate the sustainability of the Group

Practises ESG and Sustainability Values in Every Aspect

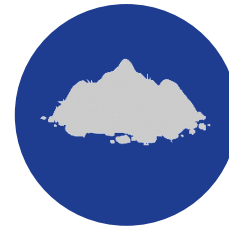
- Committed to sustainability by incorporating environmental, social and governance (ESG) values into every aspect.
- Undertakes the social responsibility to support the sustainable development of the economy and helps to build ultra-low emission circular economy industrial parks.



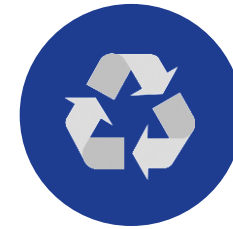
Ultra-low emissions that replace highly-polluted emissions



Zero discharge of sewage



Zero discharge of sludge



Recycling of waste

Environment

- Pioneer in achieving carbon emission peak and carbon neutrality goals for China
- Helps to build zero-emission circular economy industrial parks and facilitate green sustainable development of the local economy
- Practises benefit-driven environmental protection to help the Company and customers attain quality, green and low-carbon growth
- Promotes the utilisation of biomass energy and achieves the integrated benefits of clean energy and rural ecology governance

Social

- Protects the rights of employees through a sound personnel management system and a safe, healthy working environment
- Helps to increase and stabilise local employment and promotes the sustainability of enterprises and the local economy
- Participates in social welfare programs and contributes to the fight against the pandemic

Governance

- Wins the government's trust and support by addressing its key concerns through the Group's key competitive edges
- Complete operational system, risk management and internal control system in place to counter various risks, including compliance
- Zero tolerance for corruption and bribery, etc, with established policies to prohibit such misconduct

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 convertible bonds issued 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 TEAMS' SELECTED INVESTMENT PORTFOLIO



Belle International
(百丽鞋业)

China's Leading Women Shoes Retailer



Mengniu Dairy
(蒙牛乳业)

China's Leading Dairy Company



Nanfu Battery
(南孚电池)

China's Leading Alkaline Battery Producer



Qingdao Haier
(青岛海尔)

Global Leader in Home Appliances



Hengan International
(恒安集团)

China's Largest Napkin and Diaper Producer



Ping An Insurance
(平安保险)

China's Leading Insurance Provider



Modern Dairy
(现代牧业)

China's Leading Dairy Company



WH Group
(万州国际)

Global Leader in Meat Processing



Greenland Group
(绿地集团)

China's Leading Real Estate Conglomerate



Midea Group
(美的集团)

Global Leader in Home Appliances



CICC
(中国国际金融有限公司)

China's Leading Investment Bank



Focus Media
(分众传媒)

China's Largest Out-of-home Advertising Network



COFCO Meat
(中粮肉食)

China's Leading Meat Processing Company



Uxin
(优信拍)

China's Leading Online Used-car Platform



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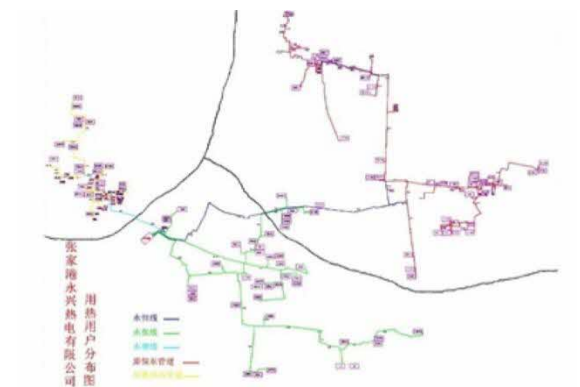
Changrun Project

Capacity	2×220t/h (steam) + 2×25MW (electricity)
Length of pipeline	~74 km of pipeline
Product mix	Industrial steam, electricity
Customer mix	~75 captive customers. Main products include towels, medicine, blankets, etc.
Location	Gaoyang County, Hebei Province
Latest updates	Industrial steam sales volume reached a record high, bolstered by demand for basic consumer goods
Plant highlights	1. Notable accomplishments <ul style="list-style-type: none"> Steam supply to new customer Sanli started in May 2021 Sludge incineration project passed “Project Environmental Completion Acceptance” assessment and operated smoothly since 2020 Added sales of electricity to complement steam from 2018
	2. Sustainable business model <ul style="list-style-type: none"> Excellent industrial cluster: the towel manufacturing industry is the leading local industry, accounting for nearly 1/3 of the national output. A complete industrial chain has been formed in the region Exclusive centralised steam supplier: 30-year concession + first right to renew “Ultra-low emission” circular economy model: Treated wastewater is used to generate steam, sludge from industrial park is treated and used as boiler feedstock, while the project’s waste outputs are sold to downstream factories
	3. High IRR: double-digit investment returns



Yongxing Plant

Capacity	350t/h (steam)+36MW (electricity)
Length of pipeline	~150 km
Product mix	Industrial steam & electricity
Customer mix	Diversified industries in textile, printing and dyeing, food, chemical, paper making, renewable energy, machinery manufacturing, etc.
Location	Zhangjiagang City, Suzhou, Jiangsu Province
Latest updates	General solid waste JV plant has commenced trial operations
Plant highlights	<ol style="list-style-type: none"> Superior geographical location: Located in an economically developed region, with diversified customer industries. Coverage area is up to 173 sq km Reliable business model: <ul style="list-style-type: none"> Exclusive centralised steam supplier, with an extensive network of pipelines that enhances its de facto exclusivity Ultra-low emissions, even lower than the emission standard of natural gas Circular economy model: River water used to generate steam; blended combustion of industrial sludge diversifies feedstock mix; production wastes such as gypsum are sold to downstream building material factories Feedstock transportation dock nearby facilitates feedstock transportation Post-M&A completion of upgrades has seen operating efficiency and performance notably improved: <ul style="list-style-type: none"> Completion of extraction-pressure to back-pressure turbine technology upgrades will improve steam output and efficiency Blended sludge combustion improved efficiency and increased revenue from 1Q 2021 High IRR: double-digit investment returns



Shantou Project – Both Phases are in Commercial Production and Ramping Up

Equity investment ⁽¹⁾	Phase 1: RMB 167 million; Phase 2: RMB 140 million	
Length of pipeline	~22 km	
Nameplate Capacity	Phase 1: 3×150t/h (=450 t/h); Phase 2: 2 × 260t/h (=520 t/h)	
Product mix	Industrial steam, compressed air, electricity	
Mix of end-customers	Ready-made "base of end-users" of >100 qualified enterprises, involved in the printing & dyeing of cotton, polyester cotton, nylon, ribbons, and other fabrics, etc.	
Location	Shantou Textile Circular Economy Industrial Park in Chaonan, Shantou, Guangdong Province	
Latest updates	Several more customers have newly relocated into the park	
Plant highlights	<p>1. Located in economically developed area and industrial park cluster with advantages: Guangdong is ranked No. 1 GDP province in China. Printing & dyeing of textiles and garments is a pillar industry, with a full and mature value chain in place. Shantou is the largest manufacturing base for women's inner wear in China, accounting for ~45% of the national output ⁽²⁾</p> <p>2. Exclusive centralised steam supplier with an operating concession of ~38.5 years</p> <p>3. Circular Economy model: Uses treated wastewater to generate steam; blended combustion of industrial sludge to diversify feedstock mix. Project sells its production wastes as raw materials to downstream industries, which generates additional revenue</p> <p>4. Proven to be Environmental-friendly: 4 generators to charge electricity at prices for generators with environmental protection devices</p> <p>5. Rapid ramp-up with growth potential of generating long-term, recurring and high-quality income,</p> <p>6. New revenue sources have been added, e.g. compressed air, waste products, sludge incineration services, etc.</p> <p>7. Located close to the port wharf, which makes for convenient unloading and drayage of feedstock</p> <p>8. Recognized as the leading model of the No.1 Lianjiang River Comprehensive Remediation Project</p> <p>9. High IRR: double-digit investment returns</p>	

(1) The equity investment is the amount corresponding to the 51% equity held by Sunpower Group in Shantou Project, excluding the minority shareholders' equity investment

(2) https://www.shantou.gov.cn/jxj/zwgk/gzdt/content/post_2031622.html

Xinyuan Plant

M&A Consideration	~RMB212.5 million
Capacity	Steam: 3×75t/h + 1 ×220t/h (=445 t/h) Electricity: 2 × 6MW + 1 ×25MW (=37 MW)
Product mix	Industrial steam, heating, and electricity
Mix of end-customers	Industrial end-customers concentrated in the energy, printing & dyeing, and clothing industries, etc. Supply heating to residential households
Location	Jimo District, Qingdao City, Shandong Province
Latest updates	Strategically stored feedstock before the start of the heating season to lock in the earnings of the heating business



Plant highlights	<ol style="list-style-type: none"> Located in economically developed areas: <ul style="list-style-type: none"> Qingdao's GDP was close to RMB1.5 trillion in 2022 That Jimo became one of the district of Qingdao City from a county-level city in 2017 has been boosting its rapid development and growth Major upgrade and reform were implemented to improve the operation efficiency post the M&A Further expanded heating supply coverage area by 2 million m² area in Jimo International Trade Park in 1Q2021. The city heating network system for the new concession area in Jimo International Trade Park was completed in 4Q2021 and Xinyuan project has started to supply heating. Large storage space for feedstock, which is convenient for low-season storage and control of fuel cost Professional and experienced team that ensures continued smooth operation
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Suyuan Plant

M&A Consideration	~RMB293 million
Capacity	Steam: 1 × 90t/h + 2 × 75t/h (=240 t/h) Electricity: 1 × B7MW
Product mix	Industrial steam and electricity
Customer base	Concentrated in printing & dyeing industry in coral velvet, soft velvet, polar velvet, super soft velvet, etc.
Location	Changshu, Suzhou City, Jiangsu Province
Latest updates	Technological upgrades to boiler #3 increased steam generation efficiency
Plant highlights	<p>1. Located in developed economy region with the advantage of industrial cluster:</p> <ul style="list-style-type: none"> Changshu ranked among top 4 county-level cities in China for economic vitality⁽¹⁾ Textile industry has been a mainstay of Changshu’s economy for the last 40 years with annual turnover of >RMB100 billion Located in a high-quality printing & dyeing development area, with printing & dyeing enterprises elsewhere expected to relocate in Certain new enterprises have relocated into its coverage area and are expected to commence operation by 2024 <p>2. Exclusive centralized steam supplier within coverage area with resilient and attractive customer base provided by the established textile industry cluster</p> <p>3. Continuous upgrade after M&A: major upgrades were completed in 2020, operational performance and efficiency have been further improved</p> <p>4. Circular economy model: Recycling customers’ condensation water to generate steam; using general solid waste to supplement the main feedstock</p>



(1) <https://www.ccidgroup.com/info/1096/34864.htm>

Tongshan Project

Capacity	Phase 1: 1 × 130t/h (steam)+ 1 ×35MW (electricity)
Product mix	Industrial steam, heating, and electricity
Location	Tongshan District, Xuzhou City, Jiangsu Province
Plant highlights	<ol style="list-style-type: none">1. Located in an economically developed area with potential for development and growth:<ul style="list-style-type: none">• Tongshan District ranked 28th among China’s Top 100 Districts for investment potential in 2018• The industrial park is a state-level development zone2. Exclusive supplier with 30-year concession right3. Uses biomass such as bark, straw, and other agricultural product wastes as feedstock. Access to multiple sources of biomass to meet the project’s feedstock demand4. Biomass unit is a high temperature, ultra high pressure reheat unit, with operating efficiency higher than other domestic biomass units5. In replacing natural gas as a fuel source to supply steam and heating, it helps the local government to address the people’s livelihood issues, alleviate cost of heating subsidies, reduce pollution and realise energy conservation. Project is aligned with China’s national development policies and is expected to gain more support from the local government6. Ready base of residential customers in concession area and increasing number of industrial customers that lay a foundation for rapid ramp-up and growth potential



Shanxi Xinjiang Project

Capacity	Phase 1: 1 ×130t/h (steam)+ 1 ×C15MW (electricity)
Product mix	Industrial steam and electricity
Customer mix	Existing concentration of customers provides ready pool of demand from industries such as high-end equipment manufacturing, new materials, fine chemicals, urea, and dyes
Location	Yuncheng City, Shanxi Province
Latest updates	In commercial operation since the end of 2023
Project highlights	<ol style="list-style-type: none"> Located in an industrial park with notable characteristics: <ul style="list-style-type: none"> Xinjiang Circular Economy Demonstration Park (the “Park”), one of three fine chemical industrial parks in Shanxi Province, was approved as a provincial level industrial park in 2019 The Park already has centralised utilities infrastructure in place, such as a water treatment facility Exclusive operating concession for investment, construction, and operation of cogeneration plants within 25 km of steam supply area Close proximity to fuel resources: surrounding cities and counties have abundant coal resources and developed in ore washing and other industries





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FY2024 Outlook

Barring unforeseen circumstances, the Group expects the business trends summarised below to benefit its business in FY2024. Please note that our financial results should be viewed on a 12-month basis to arrive at a balanced perspective.

➤ Continued ramp-up of the existing GI plants to solidify market position, namely:

- › Continued ramp-up of 11 existing projects in commercial operation, driven by organic growth and ramp-up of customers, mandatory closure of small dirty boilers, continuous relocation of new factories into industrial parks, and long-term structural development of industrial parks.
- › Yongxing Plant's general solid waste JV plant is in trial operation, and Shanxi Xinjiang Project is in commercial operation.

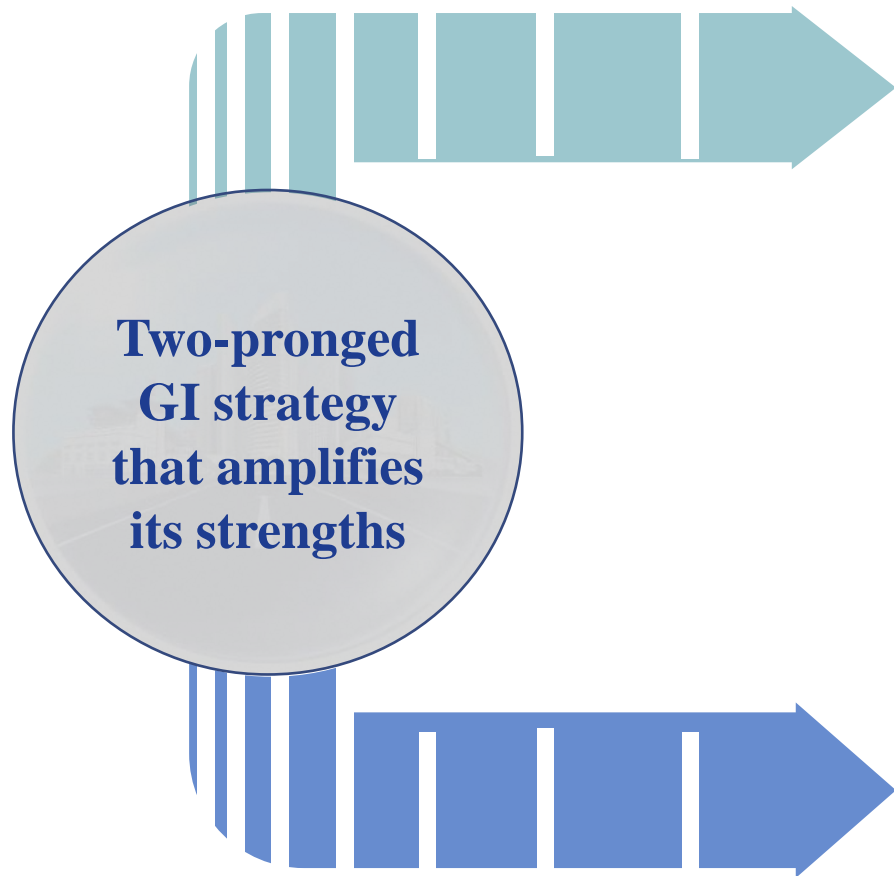
➤ Continued execution of holistic strategy, solidify the profitability of the GI business, namely:

- › Continue to execute the price adjustment mechanism.
- › Enhance operational efficiency via technological transformation and refined management of GI plants.
- › Leverage the beneficial economies of scale in the GI business.
- › Explore new business opportunities in the medium to long term.

(1) Refer to the FY2023 earnings release dated 28 February 2024 for more information.

Strategy to Grow Earnings with Quality Remains on Track

Pertaining to the GI business, for 2024, Sunpower intends to continue to execute the following two-pronged strategy with an emphasis on the quality of development that amplifies its strengths:



(1) Solidifying its market position as a centralised provider of clean steam and industrial services by:

- › Continuously ramping up its existing GI portfolio through further expansion of coverage areas and customer base but with less intense capital expenditure; and
- › Ramping up the incremental capacity of certain projects, such as Yongxing Plant's solid waste JV plant, Shanxi Xinjiang Project, Phase 2 of Jining Project and Quanjiao Project.

(2) Continuously strive to target improvement in the Group's efficiency and profitability by enhancing the operation and production of each project where possible. In addition, evaluate the pipeline for quality projects with potential.

The Maturity Date of the Convertible Bonds (CBs) was Extended

- **The shareholders approved the extension of the maturity date of the CBs (principal amount of USD130 million) by two years to April 2025, amongst other amendments at a Special General Meeting on 28 July 2023.**
- **The Company is currently focusing on strategising and exploring options to raise the required funds for redemption. As disclosed, these options include but are not limited to:**

Seeking new investors

**Additional equity or
debt fundraising**

**Strategic review of the
Group's existing operations
and financials**

**Monetisation of certain
GI projects**



Appendices

Financial Effects of the Convertible Bonds

Convertible Bonds were issued on 3 March 2017 and 15 October 2018 with the carrying amount of the Convertible Bonds currently stated at fair value as at 31 March 2017 and 15 October 2018 respectively. In accordance with SFRS(I), the financial effects on profit or loss associated with the issuance of compound financial instruments are as follow: (i) fair value change arising from the conversion option and (ii) amortised interest charge relating to the amortised cost liability component of the Convertible Bonds. 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 Convertible Bonds as stipulated in the Convertible Bonds Agreement stated in the circular dated 13 February 2017 and 21 August 2018 respectively. On 24 March 2023, the Group and the Investors entered into an amendment agreement (the “**2023 Amendment Agreement**”) which extended the maturity date of the CBs by two years to 3 April 2025. The conversion price of convertible bonds will remain at S\$0.50 for CB1 and S\$0.60 for CB2 and will no longer be subject to the Group’s performance target on adjusted profit after taxation and minority interests. Additionally, bondholders are entitled to a higher Total Internal Rate of Return at 10%.

Due to the 2023 Amendment Agreement, the bond has been assessed to be substantially modified and hence, it will be accounted for as an extinguishment of the original liability. Recognition of the new liability and the convertible feature will be classified as equity.

The above mentioned related financial effects to the statement of profit or loss and other statements have no operational effect to the financial performance of the Group. Financial effects of Convertible Bonds consist of unrealised foreign exchange translation, amortised interest expense (inclusive of interest charges) and fair value gain/(loss) of Convertible Bonds.

Group Income Statement Summary (Without the financial effects of CBs)*

(RMB million)	FY 2023	FY 2022
Revenue	3,403.1	3,448.6
Gross Profit	831.6	513.1
EBITDA	878.9	591.3
Profit for the period (net of tax)	372.7	184.5

*Group results reflect the results of continuing operations, without the financial effects of CBs.

*This slide should be read in conjunction with the Announcement of Unaudited Interim Financial Statements for the Full Year Ended 31 December 2023 released at the same time.

Group Balance Sheet Summary (Without the financial effects of CBs)*

(RMB million)	As of 31 December 2023	As of 31 December 2022
Cash and cash equivalents & pledged bank deposits	747.8	714.0
Trade Receivables	813.0	638.1
Inventories	138.0	175.3
Total Current Assets	1,984.7	1,927.3
Non-Current Assets	5,644.4	5,741.3
Short-term Borrowings	1,191.5	918.5
Current Liabilities	1,909.0	2,811.6
Convertible bonds liability	739.4	761.9
Long-term Borrowings	2,191.8	2,424.5
Equity attributable to equity holders of the Company	2,157.5	1,883.1
Total equity	2,569.7	2,202.7

* Group results reflect the results of continuing operations, without the financial effects of CBs

* This slide should be read in conjunction with the Announcement of Unaudited Interim Financial Statements for the Full Year Ended 31 December 2023 released at the same time.

Group Cash Flow Summary (Without the financial effects of CBs)*

(RMB million)	FY 2023	FY 2022
Net cash from operating activities	463.2	305.2
Underlying operating cash flow	485.8 ⁽¹⁾	316.5 ⁽²⁾
Net cash (used in)/from investing activities	(423.7)	(624.7)
Net cash from/(used in) financing activities	38.3	506.2

(1) Underlying operating cash flow adjusting for CB interest of RMB22.6 million

(2) Underlying operating cash flow adjusting for CB interest of RMB11.3 million

* Group results reflect the results of continuing operations, without the financial effects of CBs

* This slide should be read in conjunction with the Announcement of Unaudited Interim Financial Statements for the Full Year Ended 31 December 2023 released at the same time.

Definitions of GI recurring revenue, EBITDA and PATMI

GI recurring revenue refers to recurring revenue generated by the GI business, including commission fees recognised in accordance with SFRS(I) INT15. It excludes one-time contributions from services for BOT projects including EPC services that are performed by the Group's internal project management department, recognised under IFRIC 12 Service Concession Arrangements.

GI recurring EBITDA refers to the recurring Earnings before Interest, Tax, Depreciation and Amortisation of the GI Business. It excludes one-time contributions from services for BOT projects, including EPC services, that are provided by the Group's internal project management department, recognised under IFRIC 12 Service Concession Arrangements; as well as expenses incurred by the Company that are not related to the running of the GI Business, such as listing-related expenses and remuneration of the employees at the group level, etc., which reflects the operating results of the GI business.

GI recurring PATMI refers to the recurring Profit After Tax and Minority Interests of the GI Business which reflects the profit of the GI business attributable to the Group. It excludes one-time revenue contributions from services for BOT projects, including EPC services, that are provided by the Group's internal project management department, recognised under IFRIC 12 Service Concession Arrangements; and expenses incurred by the Company that are not related to the running of the GI Business, such as listing-related expenses and employee remuneration at the group level, etc.



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