

SUNPOWER GROUP LTD.

Investor Presentation
26 February 2023

中聖集團
SUNPOWER GROUP LTD.



AGENDA

01 Sunpower Group At a Glance

02 Investment Highlights

03 Project Updates

04 Outlook

05 Q&A Session

Sunpower Group at a Glance

- **Proven Track Record of >20 years:** Established in 1997, listed on SGX since 2005
- **Leading provider** of clean industrial steam that generates recurring, long-term, high-quality income and cashflows, **typically with 30-year concessions and extensive networks of pipelines**
- Pioneer in the development of the **circular economy** and attaining **Carbon Peak and Carbon Neutrality**. Practices ESG and sustainability values in all aspects
- **Sizeable Green Investments ("GI") portfolio**: 11 projects, with 10 in operation and 1 to start trial operation



- Typically B2B model, proven ability to provide a **high Net Present Value (NPV)** of long-term and recurring cashflows, backed by an attractive double-digit project IRR
- Steam sales volume rose 9.5% YoY to 8.68 million tons in FY 2022, despite the mixed challenges, supported by strong demand for clean steam. GI recurring revenue rose 38.9% YoY to RMB2.88 billion in FY 2022, faster than the growth in steam sales volume, mainly because of the significant rise in steam price. GI recurring EBITDA rose 32.8% YoY to RMB598.0 million
- **Proposed first and final dividend of S$0.0013 per share for FY2022**
- Recognized as a member by national and provincial level associations including **China Association of Environmental Protection Industry** for its contributions and leadership
- **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

Sunpower Group at a Glance

Green Investments

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

- **Clean industrial steam to a wide range of diverse industries supported by structural demand**
- **Pollution-free civil heating to a large base of households, and**
- **Electricity to the State Grid**
- **Certain projects have added new products such as compressed air**

Position

Leading industrial steam provider with proven **track record**

Sizeable GI Portfolio

10 plants in operation

1 to start trial operation

Robust pipeline

Recurring Income and Cashflow by GI plants

100%

Exclusive Concessions

Typically **~30** years

Ultra-low Emissions Capability

Capable of emissions below national standards of natural gas for the following pollutants

Dust <5 mg/m^3, **SO_2**<35 mg/m^3, **NO_X** <50 mg/ m^3

Circular Economy Model

Helps industrial parks achieve **ultra-low** emissions

Total Pipeline Length

~405 km↑

No. of Customer Industries

~20

No. of Customers

~525









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Investment Highlights

1. **Leading** Industrial Service Provider with Long-term Strategy in **Alignment** with Government Policies
2. Robust and **Superior Business Model** Generating **Long-term, High-quality, Recurring** Income and Cash Flows
3. **Resilient Financial Performance** with Solid Growth and Cash Generation
4. Well-positioned to Realise **Long-term Growth Potential** with Established **Sizeable Portfolio** and **Strong Pipeline**
5. Professional and Disciplined **GI Management Team** with **Strong Execution Capabilities and Entrepreneurship**
6. Established **Operational Management System** with **Proven Risk Management Capabilities**
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 Government Policies

01

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

2020 CHINA ENERGY GROUP TOP 500 LIST

› **Best-in-class industrial steam supplier**

Rapid expansion and quick scale-up to 10 projects in operation and 1 to start trial operation



BEST MANAGED COMPANIES

› **Industry pioneer with strong brand equity**

In alignment with government policies:

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

- 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

14th Five-Year Plan (2021-2025) (2)

- To promote Circular Economy Development
- To promote centralized steam facilities
- 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 Government Policies

02 Best “clean” solution for rising steam demand

Strategy aligned with the goals of Carbon Neutrality and Carbon Peak, and facilitates their 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 CO_2 emissions > **600,000 tons**

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

Annual reduction of dust, SO_2 and NO_X > **65,000 tons**



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

03 Pioneer adopter of the Circular Economy Model ("CEM")

The 14th Five-Year Plan promotes development of **circular economy** industrial parks and **centralized 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, High-quality, Recurring Income and Cash Flows

01

High entry barriers

- Typically ~ **30-year exclusive concession rights** with first right of renewal
- Further, extensive network of steam pipelines also strengthen de facto exclusivity for the supply of industrial steam

02

Strong tariff collection

- Typically B2B model
- Contracts are signed with industrial customers instead of the government

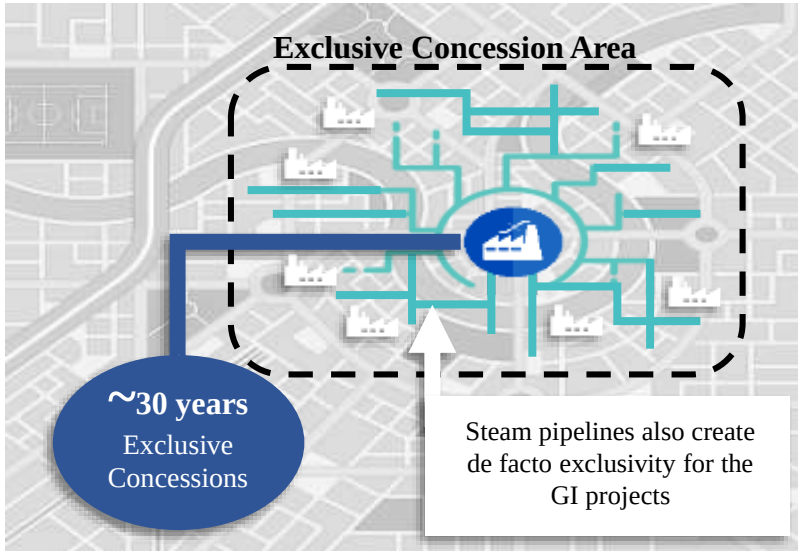
High-quality cashflows

- Able to require customers to prepay or pay after use, as steam is a non-discretionary production input and Sunpower is the exclusive steam supplier within its coverage area

03

Price adjustment mechanism that links feedstock cost to industrial steam price

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

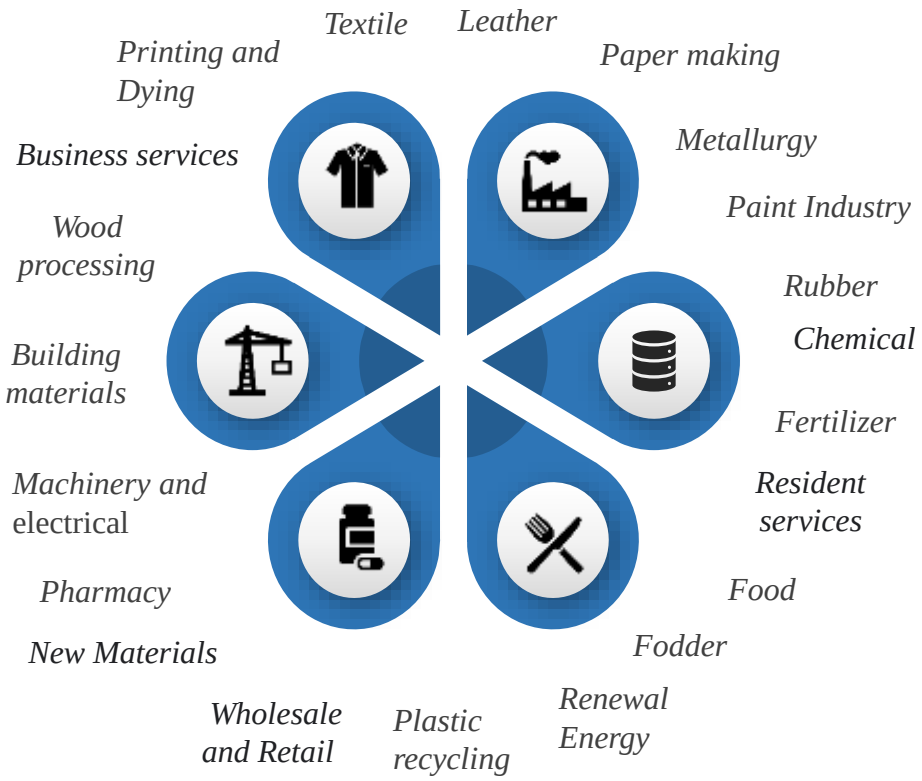




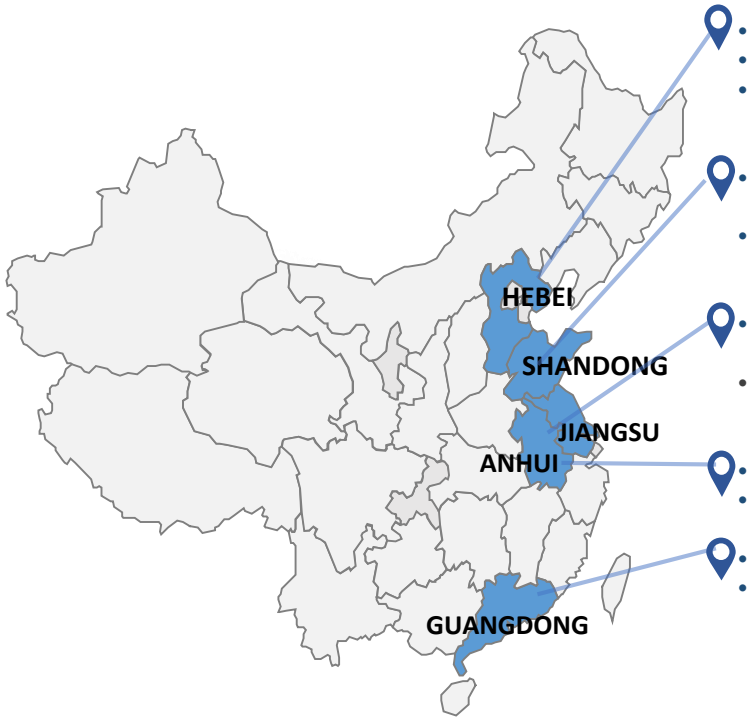
Robust and Superior Business Model Generating Long-term, High-quality, Recurring Income and Cash Flows

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



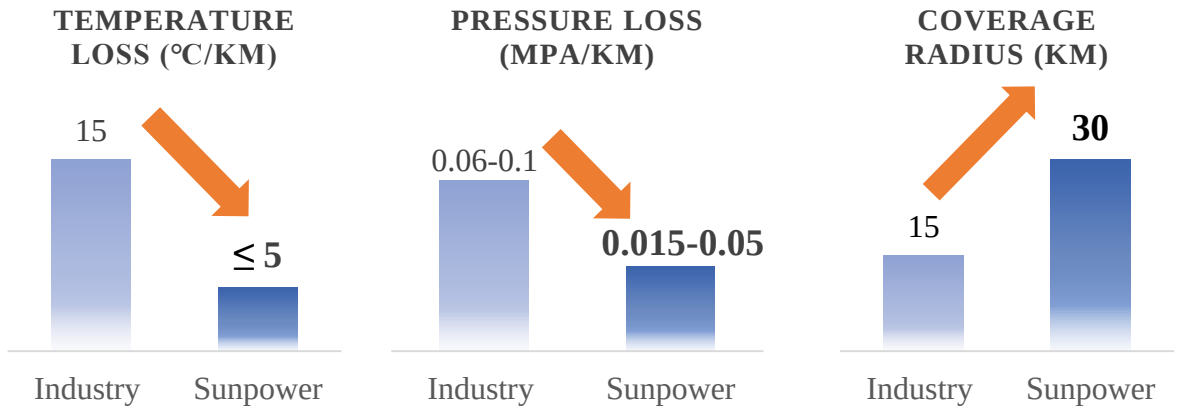
- Changrun Project
  - Local GDP of > RMB4.24 trillion in 2022
  - Gaoyang, where Changrun is located, is the largest towel production base in China
- Xinyuan Plant; Xintai Zhengda Project; Jining Project
  - Local GDP of > RMB8.74 trillion in 2022 and ranked third in all the provinces of China
- Yongxing Plant; Suyuan Plant; Lianshui Project, Tongshan Project
  - Local GDP of > RMB12.29 trillion in 2022 and ranked second in all the provinces of China
- Quanjiao Project
  - Local GDP of >RM4.50 trillion in 2022
- Shantou Project
  - Local GDP of > RMB12.91 trillion in 2022 and ranked first in all the provinces of China

Robust and Superior Business Model Generating Long-term, High-quality, Recurring Income and Cash Flows

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
  - Desulphurization 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 economizer 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 even be lower than emission standard of natural gas

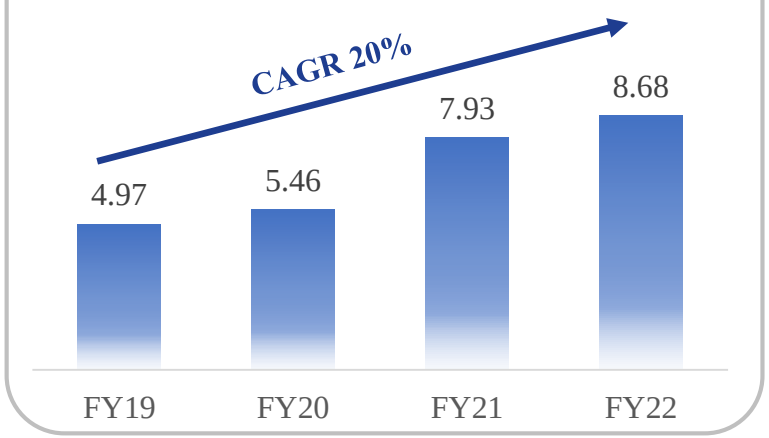
Emission Limit (mg/m^3)	Newly-built Coal-fired Boilers(1)	Newly-built Coal-fired Power Generation Boilers(2)	Coal-fired Power Generation Boilers in Key Areas* (2)	Natural Gas Boilers & Gas Turbines(2)	Sunpower's Capabilities
Dust	50	30	20	5	< 5
SO_2	300	100	50	35	< 35
NO_X	300	100	100	50	< 50

(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

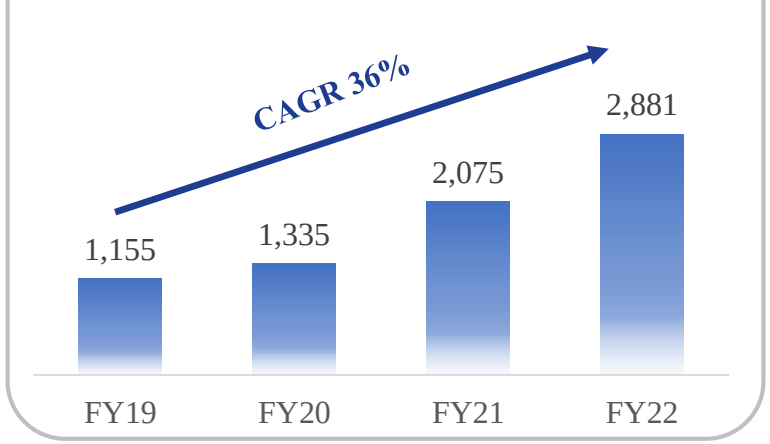
Robust Financial Performance with Growth in FY 2022

- Steam sales volume rose 9.5% YoY to 8.68 million tons, supported by strong demand for clean industrial steam, despite pandemic.
- GI recurring revenue rose 38.9% YoY to RMB2,880.8 million, faster than the growth in steam sales volume, mainly because of the significant rise in steam price.
- GI recurring EBITDA rose 32.8% YoY to RMB598.0 million.
- GI project's improved profitability was attributed to strong demand for steam and the execution of the price adjustment mechanism and the Mitigation Measures (1).

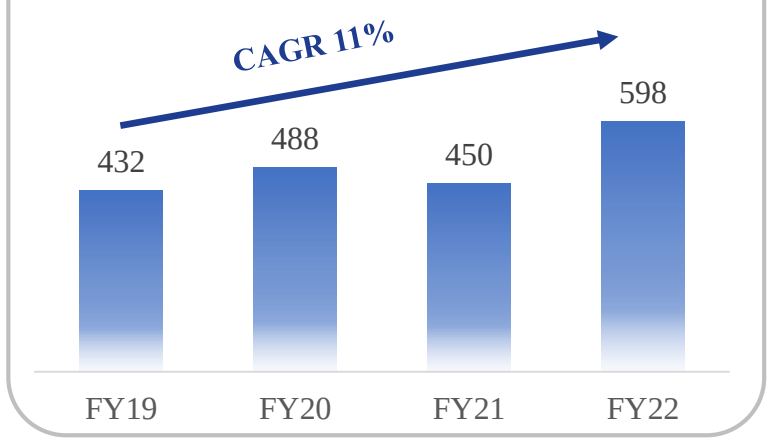
Total Steam Sales Volume (million tons)



GI Recurring Revenue (2)(3) (RMB million)



GI Recurring EBITDA (2)(4) (RMB million)



(1) Refer to the 1Q 2022 earnings release dated 15 May 2022 for more information.
(2) The Company uses the terms "GI recurring revenue", "GI recurring EBITDA" to reflect the operating results of the GI business. This document should be read in conjunction with the Unaudited Interim Financial Statements for Full Year Ended 31 December 2022 released at the same time.
(3) 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 in accordance with IFRIC 12 Service Concession Arrangements.
(4) GI recurring EBITDA refers to the recurring Earnings before Interest, Tax, Depreciation and Amortisation of the GI Business. It excludes gains or costs incurred by way of the Manufacturing & Services (M&S) disposal such as excess cash dividends, gain on disposal, withholding tax, etc. in 2021; 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.

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

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

Key Growth Drivers

- Organic growth of 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

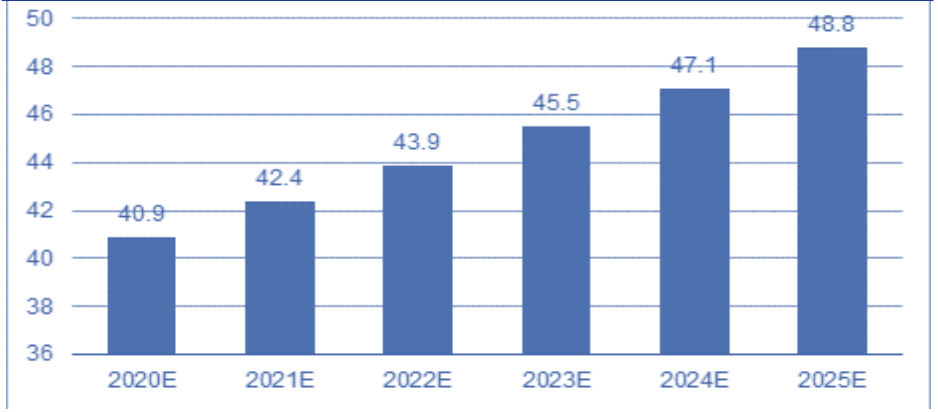


Well-positioned to Realise Long-term Growth Potential with Established Sizeable Portfolio and Strong Pipeline

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

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

Forecast of total demand of China's urban steam supply industry from 2020 to 2025 (100 million GJ)

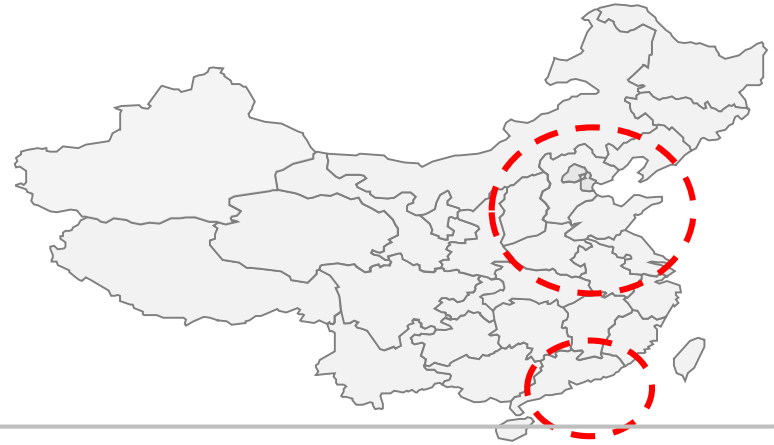


03 Strong pipeline of high-quality projects to fuel continued growth in the foreseeable future

Disciplined investment strategy

Robust pipeline of projects in economically developed areas

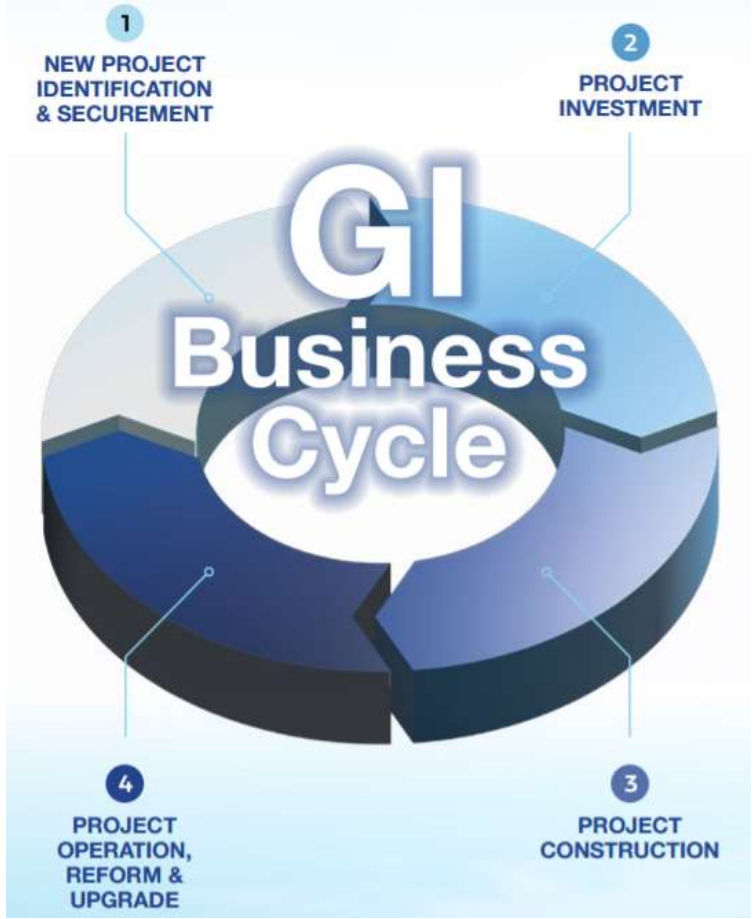
Pipeline under Evaluation



* https://m.chyxx.com/view/874350.html

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

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

03

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

04

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

Professional and Efficient GI Management and Operational Team with Strong Execution Capabilities and Entrepreneurship

Senior management are proven professionals with personal integrity and follow international practices in corporate governance

The management's capability to navigate the company through the storm to the post-pandemic calm will lay a strong foundation for the future growth

- **Top management team remains stable**

- Post-M&S disposal, the GI business continues to be led by Mr Ma Ming, 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*



Shi Shaolin
Group Financial Director
Deputy General Manager of



Sha Jianhua
Deputy General Manager of JSCE*



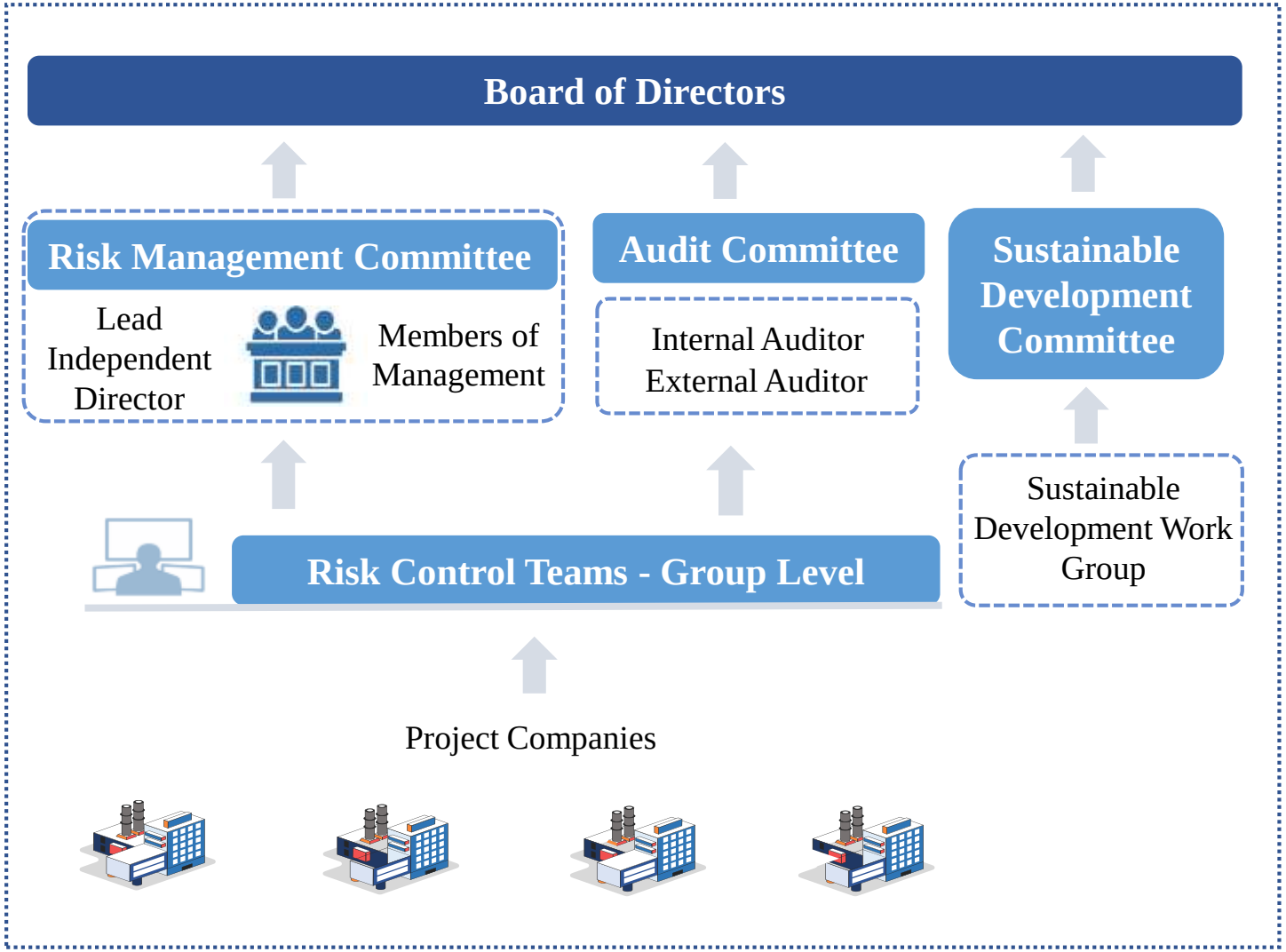
Zheng Xiaodong
Deputy General Manager of JSCE*



Xu Jun
Deputy Chief Engineer of JSCE*

* JSCE refers to Jiangsu Sunpower Clean Energy Co., Ltd.

Established Operational Management System with Proven Risk Management Capabilities



- Over the years, 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.
- The Group has strived to enhance **Risk Management Systems and Practices** in order to provide sound internal evaluation, and control and oversight of financial, operational, compliance and other risks.
- **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 zero-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 Meating Processing Company

Uxin (优信拍)
China's Leading Online Used-car Platform

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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Changrun Project

Capacity	• **2×220t/h (steam) + 2×25MW (electricity).** • **~74 km of pipeline**
Customer mix	• ~75 captive customers
Product mix	• Steam • Electricity
Location	• Gaoyang, Hebei Province (supplies 1/3 of towels in the whole of China).
Plant highlights	1. Solid business fundamentals: • **The pipeline has been extended as the customer base expanded.** • 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. • Steam supply to new customer Sanli started in May 2021. • Boiler #2 continues to ramp up to meet the growing demands of customers. 2. Sustainable business model: • Exclusive centralized steam supplier: 30-year concession + first right to renew. • "Ultra low emission" circular economy model: Treated wastewater is used to generate steam, sludge from the industrial park is treated as the feedstock of the boiler, while plant waste outputs are sold to external factories. 3. High IRR: double-digit investment returns.

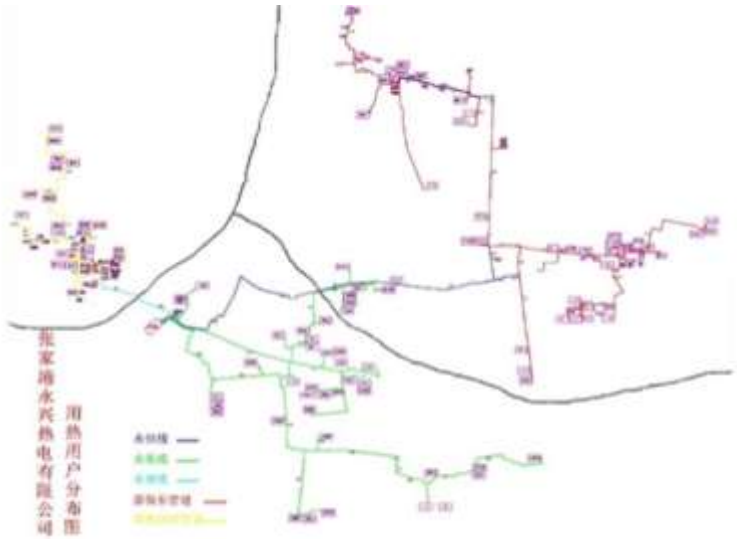




Yongxing Project

Investment	• Transaction done at attractive valuation multiple • Total investment of RMB765 million
Capacity	• 350t/h (steam)+36MW (electricity) • ~150 km of pipeline.
Customer mix	• Captive customers concentrated in diverse, cashflow-rich industries • Textile, printing & dyeing, food, chemical, metallurgy, paper making, renewal energy and others
Product mix	• Industrial steam & electricity
Location	Zhangjiagang, Suzhou, Jiangsu Province
Plant highlights	1. Strong fundamentals 2. Latest status: • Extraction pressure-to-back pressure turbine technology upgrades was completed which will enable to improve steam output and efficiency. • Construction of solid waste JV plant is expected to complete in 2023. • Commencement of blended sludge combustion in 1Q2021 improved efficiency and increased revenue. 3. Sustainable business model: • Exclusive centralized steam supplier. • Cost effective: River water used to generate steam; the gypsum which is production waste is sold to building material factories. 4. Ultra-low emissions: lower than natural gas. 5. Long-term growth potential supported by organic growth of large customer base and industrial park which is in economically developed area. 6. High IRR: double-digit investment returns.





Shantou Project – Phase 1 and Phase 2 are in Commercial Operation

Investment	• Phase 1: RMB 167 million • Phase 2: RMB 133 million
Current Designed steam capacity (t/h)	• Phase 1: 3×150 (=450) • Phase 1 + Phase 2: 3×150 + 2×260 (=970) • ~22 km of pipeline
Location	• Shantou Textile Circular Economy Industrial Park managed by Chaonan Textile, Printing and Dyeing Comprehensive Environmental Treatment Center
Plant highlights	1. Strategically located in Guangdong province where economy is vibrant and its GDP ranked No. 1 in China 2. Strong fundamentals: Exclusive steam supplier with 38.5 years concession. 3. Ready-made, resilient customer base:~128 qualified printing & dyeing companies relocating into the park in phases. 4. New revenue sources have been added, e.g. compressed air, waste products, sludge incineration services, etc. 5. Large potential: Textile and garment dyeing industry is a pillar industry in Shantou which contributed ~30% of the local GDP in 2021. Shantou is a major national producer of garments and has an established industry cluster. 6. Anticipated strong contributions of long-term, recurring and high-quality income and cashflows, with attractive double-digit IRR. 7. Lianjiang River Comprehensive Remediation Project: Shantou Project is the No.1 Lianjiang River Comprehensive Remediation Project's leading model.





Xinyuan Project

Investment	• Total investment of ~RMB250 million
Capacity	• Steam: 3×75+220 t/h (=445 t/h) • Electricity: 2×6+25 M/W (=37 M/W)
Customer mix	• Captive customers concentrated in energy, printing and dyeing, clothing industries, residential households, State Grid etc.
Product	• Industrial steam, heating and electricity
Location	• Qingdao, which is a city with GDP over 1 trillion, in Shandong Province
Plant highlights	1. 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. 2. Development potential of Jimo district is expected to boost growth in the business of Xinyuan Project. 3. Further expanded clean heating supply coverage area by 2 million m^2 area in Jimo International Trade Park. The city heating network system for the new concession area in Jimo International Trade Park has been completed. 4. Professional and experienced team that ensures continued smooth operation.





Suyuan Project

Investment	Total investment of ~RMB293 million
Capacity	• Steam: 1×90 (t/h) + 2×75t/h • Electricity: 1×B7MW
Customer mix	• ~49 captive customers in printing & dyeing industries
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
Plant highlights	1. Existing customers continue to ramp up, and more enterprises are relocating into its coverage area with new factories under construction. 2. Major upgrades: Operational performance and efficiency are further improved with substantial completion of plant upgrades. 3. Promising addition to the GI portfolio, with a positive and growing impact on medium to long term profitability. Projected to have attractive IRR. 4. Exclusive centralized steam supplier within its coverage area. 5. Established industry cluster in Changshu provides Suyuan Plant with a resilient and attractive customer base. 6. Continuously upgrading and reforming and using suitable substitute feedstock to reduce fuel and power consumption costs.





Tongshan Project

Investment	• ~RMB420 million for Phase 1
Designed steam capacity (t/h)	• Phase 1: 1×130 • Total: 2×130 (=260)
Designed electricity capacity (MW)	• Phase 1: 1 x 35 • Total: 2×35 (=70)
Customer mix	• Industrial steam, heating, and electricity
Location	• Xuzhou, Jiangsu province, ranked 28th among China's "Top 100 Districts" for investment potential in 2018
Plant highlights	• Some industrial customers were connected. • Diversifies the Group's feedstock mix as Tongshan uses biomass as feedstock, such as bark, straw and other agricultural product waste; part of Group's green development. • 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. This investment is 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. • 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

Designed steam capacity (t/h)	• Phase 1: 1×130 • Total: 3×130 (=390)
Designed electricity capacity (MW)	• Phase 1: 1×C15 • Total: 1×C15+1×C25 (=40)
Construction completion	• **Construction is essentially complete and is expected to start trial operation in 2023**
Location	• Xinjiang Circular Economy Demonstration Park, Economic and Technological Development Zone, Yuncheng City, Shanxi Province
Plant highlights	• Xinjiang Circular Economy Demonstration Park is a provincial-level industrial park with an established complete upstream and downstream value chain. • Existing concentration of 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.







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FY2023 Outlook

Barring unforeseen circumstances, the Group expects the business trends summarised to benefit its business in FY2023. Please note that our financial results should be viewed on a 12-month basis to arrive at a balanced perspective.

↗ **Continued ramp-up and enhancement of each existing GI plant,** namely:

› Continued ramp-up of 10 existing projects in operation, driven by the mandatory location and/or relocation of new factories into industrial parks, expansion of coverage area, and/or organic growth of customers and industrial parks.

› Expansion of capacity of certain existing plants, namely Yongxing Project's solid waste JV plant, launch of Shantou Project Phase 2, Jining Project Phase 2, and Shanxi Xinjiang Project.

↗ **Continued execution of holistic strategy to further enhance profitability,** namely:

› Leverage the price adjustment mechanism that links feedstock costs to steam prices for more flexibility in raising steam prices.

› Continue to deploy the Mitigation Measures[1] and differentiation strategies.[2]

› Explore new business opportunities in the medium to long term.

[1] Refer to the 1Q 2022 earnings release dated 15 May 2022 for more information.
[2] Refer to the 2Q 2022 earnings release dated 11 August 2022 for more information.

Update on negotiations pertaining to Convertible Bonds

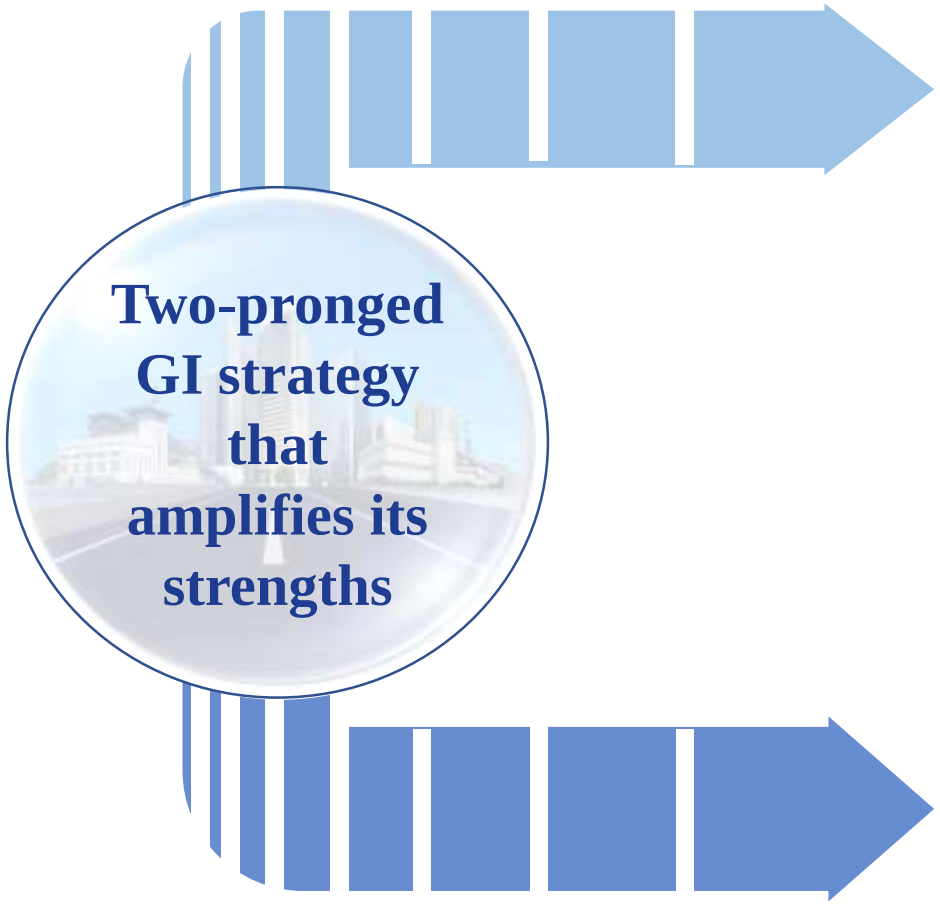
- The Company has issued US$130 million of Convertible Bonds ("**CBs**"). The maturity date of the CBs, as elected by the Bondholders, is currently envisaged to be on or around 17 April 2023, which is the 15th business day after the FY2022 audited financial statements are issued.

- The Company is currently in advanced negotiations to extend the maturity date by 2 years to April 2025. The extension involves additional requirements including conditions and amendments to other commercial terms on which parties are working with best efforts and cooperation to reach mutual agreement.

- There is no assurance at this time that the final agreement may be reached. The Company will provide further updates in due course.

Strategy to Grow Earnings with Quality Remains on Track

For 2023 and beyond, Sunpower intends to continue to execute the two-pronged strategy with emphasis on the quality of development that amplifies its strengths:



(1) Solidifying its market position as an environmentally-clean centralized provider of steam through:

- Continuous ramp-up of its existing GI portfolio, supported by further expansion of the coverage areas and customer base of the projects but with less intense capital expenditure; and
- Proceeding with the planned construction of the expansion phases of certain existing projects.

(2) Focus on the further enhancement of the operation and production of each project to improve efficiency and profitability of the Group. In addition, continuous evaluation of pipeline for quality projects with potential.



Appendices

Financial Effects of 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 follows: (i) fair value change arising from fair valuation relating to 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.

The fair value change of the Convertible Bonds 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 Convertible Bonds consist of unrealised foreign exchange translation, amortised interest expense (inclusive of interest charges) and fair value gain/(loss) of Convertible Bonds.

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

(RMB million)	FY 2022	FY 2021 [1]
Revenue	3,448.6	2,929.5
Gross Profit	513.1	328.0
EBITDA	591.3	1,394.0 [2]
Profit for the period from continuing operations, net of tax	184.5	403.5 [2]

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

(1) After adoption of Amendments to SFRS(I) 1-16： Property, Plant and Equipment: Proceeds Before Intended Use that came into effect on 1 January 2022 and is retrospective for FY2021 financial results.
(2) Not directly comparable to FY 2022 as FY 2021 EBITDA and profit from continuing operations, net of tax, includes gains or costs incurred by way of the Manufacturing & Services (M&S) business disposal such as excess cash dividends, gain on disposal, withholding tax, etc.

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

(RMB million)	As of 31 December 2022	As of 31 December 2021 (1)
Cash and cash equivalents & pledged bank deposits	714.0	459.2
Trade Receivables	638.1	422.9
Inventories	175.3	122.7
Total Current Assets	1,927.3	1,367.6
Non-Current Assets	5,741.3	5,250.2
Short-term Borrowings	918.5	594.0
Current Liabilities	2,811.6	1,457.9
Convertible bonds liability	761.9	773.2
Long-term Borrowings	2,424.5	2,142.7
Equity attributable to equity holders of the Company	1,883.1	1,746.9
Total equity	2,202.7	2,018.9

- Group results reflect the results of continuing operations, without the financial effects of CBs and Warrants

(1) After adoption of Amendments to SFRS(I) 1-16： Property, Plant and Equipment: Proceeds Before Intended Use that came into effect on 1 January 2022 and is retrospective for FY2021 financial results.

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

(RMB million)	FY 2022	FY 2021 [1]
Net cash from operating activities	305.2	207.3
Underlying operating cash flow	316.5[2]	228.3 [3]
Net cash (used in)/from investing activities	(624.7)	488.1
Net cash from/(used in) financing activities	506.2	(831.5)

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

(1) After adoption of Amendments to SFRS(I) 1-16： Property, Plant and Equipment: Proceeds Before Intended Use that came into effect on 1 January 2022 and is retrospective for FY2021 financial results
(2) Underlying operating cash flow adjusting for CB interest of RMB11.2 million
(3) Underlying operating cash flow adjusting for CB interest of RMB21.0 million



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