

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of Sunpower Group Ltd. (the "**Company**"), you should immediately inform the purchaser or transferee or bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular (together with the Notice of SGM (as defined herein) and the accompanying Depositor Proxy Form (as defined herein)) may be accessed on SGXNET and the Company's website at <http://sunpower.listedcompany.com>.

This Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No securities may be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer and its management and financial statements. No public offer of securities is to be made by the Company in the United States.

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the contents of this Circular, including the accuracy of any of the statements or opinions made or reports contained in this Circular. Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Convertible Bonds and the Conversion Shares (each as defined herein) on the Official List of the SGX-ST, subject to certain conditions. The approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Convertible Bonds, the Conversion Shares, the Rights Issue (as defined herein), the Company and/or its subsidiaries.

The Convertible Bonds and the Conversion Shares will be admitted to the SGX-ST and the official listing of, and quotation for, the Convertible Bonds and the Conversion Shares will commence after all conditions imposed by the SGX-ST are satisfied, including a sufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the Convertible Bonds and the global certificate for the Convertible Bonds have been issued and the notification letters from The Central Depository (Pte) Limited ("**CDP**") have been despatched. The Convertible Bonds may not be listed and quoted on the SGX-ST if there is an insufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the Convertible Bonds. In such an event, the Bondholders (as defined herein) will not be able to trade their Convertible Bonds on SGX-ST. However, the Convertible Bonds may be traded over-the-counter on the Debt Securities Clearing and Settlement System and will be cleared through CDP. In addition, if the Convertible Bonds are converted into Conversion Shares in accordance with their terms, the Conversion Shares will be listed and quoted on the SGX-ST.

This Circular has been despatched to Shareholders and made available on SGXNET and the Company's website, and may be accessed at the URL <http://sunpower.listedcompany.com>.

The SGM will be held by way of physical means at HQ-India Rooms, Assembly Building, Level 2, JW Marriott Hotel Singapore South Beach, 30 Beach Road, Singapore 189763. Accordingly, Shareholders and their duly appointed proxy (or proxies) will not be able to attend the SGM by way of electronic means. Please refer to paragraphs 11 to 14 of this Circular and the Notice of SGM for further information, including the steps to be taken by Shareholders (and their duly appointed proxy (or proxies)) to participate at the SGM.



SUNPOWER GROUP LTD.

(Company Registration No. 35230)
(Incorporated in Bermuda with limited liability)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE (THE "RIGHTS ISSUE") OF UP TO \$99,609,642 IN AGGREGATE PRINCIPAL AMOUNT OF 7.00% CONVERTIBLE BONDS (AS DEFINED HEREIN) CONVERTIBLE INTO UP TO 398,438,568 CONVERSION SHARES (AS DEFINED HEREIN), ON THE BASIS OF 125 CONVERTIBLE BONDS FOR EVERY 1,000 EXISTING SHARES HELD BY ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT RECORD DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED;**
- (2) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) TO RECEIVE A MANDATORY GENERAL OFFER FROM THE BLP CONCERT PARTY GROUP (AS DEFINED HEREIN) FOR THE REMAINING ISSUED AND PAID-UP SHARES OF THE COMPANY NOT OWNED OR CONTROLLED BY THEM, AS A RESULT OF THE CONVERSION OF THE CONVERTIBLE BONDS PURSUANT TO THE PROPOSED RIGHTS ISSUE REFERRED TO IN (1) ABOVE; AND**
- (3) **THE PROPOSED POTENTIAL TRANSFER OF CONTROLLING INTEREST TO BLP CAPITAL (AS DEFINED HEREIN) PURSUANT TO THE CONVERSION OF CONVERTIBLE BONDS AND THE IRREVOCABLE UNDERTAKING (AS DEFINED HEREIN) GIVEN BY THE UNDERTAKING LIN AND PAN ENTITIES (AS DEFINED HEREIN).**

Financial Adviser to the Company



SAC CAPITAL PRIVATE LIMITED

(Company Registration No. 200401542N)
(Incorporated in the Republic of Singapore)

Independent Financial Adviser in relation to the Whitewash Resolution (as defined herein)



XANDAR CAPITAL PTE. LTD.

(Company Registration No. 200002789M)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Depositor Proxy Form	:	24 February 2025 at 10.00 a.m.
Date and time of Special General Meeting	:	26 February 2025 at 10.00 a.m.
Place of Special General Meeting	:	HQ-India Rooms, Assembly Building, Level 2, JW Marriott Hotel Singapore South Beach, 30 Beach Road, Singapore 189763

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

"Accepted Electronic Service"	:	An accepted electronic payment or electronic service delivery network
"Accountholder"	:	Each person who is shown in the Depository Register as a holder of the Convertible Bonds
"acting in concert"	:	Has the same meaning ascribed to it in the Code
"Announcement"	:	The announcement of the Company dated 9 December 2024 in relation to the Rights Issue
"ARE"	:	Application and acceptance form for Convertible Bonds and excess Convertible Bonds to be issued to Entitled Depositors in respect of their provisional allotments of Convertible Bonds under the Rights Issue
"ARS"	:	Application and acceptance form for Convertible Bonds to be issued to Entitled Shareholders of the provisional allotments of Convertible Bonds under the Rights Issue traded on the Main Board of the SGX-ST through the book entry (scripless) settlement system
"ATM"	:	Automated teller machine of a Participating Bank
"Authority"	:	Monetary Authority of Singapore
"BLP Capital"	:	BLP Capital (Singapore) Pte. Ltd. (Company Registration No. 200503755E), a company incorporated in Singapore in 2005, with its registered address at 41 Science Park Road, #04-10, The Gemini, Singapore 117610
"BLP Concert Party Group"	:	Comprising Lin Yucheng, Joyfield Group Limited, Pan Shuhong and BLP Capital
"Board" or "Board of Directors"	:	The board of directors of the Company as at the date of this Circular
"Bond Registrar"	:	In.Corp Corporate Services Pte. Ltd.
"Bondholders"	:	Holders of Convertible Bonds
"BOT"	:	Build-Operate-Transfer
"Business Day"	:	A day other than a Saturday, Sunday or public holiday on which commercial banks are generally open for the transaction of normal banking business in Singapore
"Bye-laws"	:	The bye-laws of the Company as at the date of this Circular

DEFINITIONS

"CB1"	:	Has the meaning ascribed to it in paragraph 2.4 of this Circular
"CB2"	:	Has the meaning ascribed to it in paragraph 2.4 of this Circular
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders dated 10 February 2025
"Closing Date"	:	Closing date of the Rights Issue
"Code"	:	Singapore Code on Take-overs and Mergers
"Collateral Shares"	:	Has the meaning ascribed to it in paragraph 2.7(a) of this Circular
"Companies Act"	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
"Company" or "Issuer"	:	Sunpower Group Ltd.
"controlling shareholder"	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15.0% or more of the total voting rights in the Company. The SGX-ST may determine that a person who satisfies this definition is not a controlling shareholder; or (b) in fact exercises control over the Company
"Conversion Date"	:	The date of conversion in respect of any Convertible Bond
"Conversion Notice"	:	Has the meaning ascribed to it in paragraph 2.1 of this Circular
"Conversion Price"	:	Has the meaning ascribed to it in paragraph 2.1 of this Circular
"Conversion Right"	:	Has the meaning ascribed to it in paragraph 2.1 of this Circular
"Conversion Shares"	:	New Shares to be issued upon the conversion of the Convertible Bonds
"Convertible Bonds" or "Bonds"	:	The 7.00% convertible bonds of up to S\$99,609,642 in aggregate principal amount to be allotted and issued by the Company pursuant to the Rights Issue
"Depositor Proxy Form"	:	The depositor proxy form in respect of the SGM to be despatched to the Depositors
"Designated Account"	:	Has the meaning ascribed to it in paragraph 2.7(a) of this Circular
"Directors"	:	The directors of the Company as at the date of this Circular
"EBITDA"	:	Earnings before interest, taxes, depreciation and amortisation

DEFINITIONS

"Electronic Application"	: Acceptance of the Convertible Bonds and (if applicable) application for excess Convertible Bonds made through an ATM of the Participating Bank or an Accepted Electronic Service in accordance with the terms and conditions of the OIS
"Enlarged Issued Share Capital"	: The issued and paid-up share capital of the Company immediately upon completion of the Rights Issue on an as-converted basis
"Entitled Depositors"	: Shareholders with Shares standing to the credit of their Securities Accounts with CDP as at the Record Date and whose registered addresses with CDP are in Singapore as at the Record Date or who have, at least three (3) market days prior to the Record Date, provided CDP with addresses in Singapore for the service of notices and documents
"Entitled Scripholders"	: Shareholders whose share certificates have not be deposited with CDP as well as transferees who have tendered to the Share Registrar
"Entitled Shareholders"	: Entitled Depositors and Entitled Scripholders
"EPS"	: Earnings per Share
"ESOS Options"	: The outstanding options granted under the Sunpower Employee Share Option Scheme 2015
"Excess Cash Dividend"	: The SGD equivalent of any cash dividend to holders of Shares together with all other cash dividends in respect of the same financial year previously paid to holders of Shares
"Excess Cash Dividend Amount"	: The SGD equivalent of an amount equal to the total amount of all cash dividends paid per Share in respect of any applicable financial year minus (i) the Per Share Interest Amount for such financial year and (ii) any Excess Cash Dividend Amount in respect of which a payment has been made to the Bondholders previously in such financial year pursuant to the Terms and Conditions
"Existing Bondholders"	: Glory Sky Vision Limited, Blue Starry Energy Limited, Green Hawaii Air Limited and Alpha Keen Limited
"Existing Bonds"	: The convertible bonds in an aggregate principal amount of approximately US\$130 million which will mature on the Existing Bonds Maturity Date
"Existing Bonds Maturity Date"	: The later of 3 April 2025 and if so elected by the Existing Bondholders (at their sole discretion) by written notice to the Company delivered not less than ten (10) Business Days before 3 April 2025, the date that is the 15 th Business Day after the date on which the Company's audited financial statements for 2024 are issued

DEFINITIONS

"Existing Share Capital"	:	The issued and paid-up share capital of the Company as at the Latest Practicable Date, comprising 795,686,142 Shares
"Foreign Shareholders"	:	Shareholders with registered addresses outside Singapore as at the Record Date and who have not provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents at least three (3) market days prior to the Record Date
"FY"	:	Financial year ending or ended 31 December
"GI"	:	Green investment
"Group"	:	The Company and its subsidiaries
"Guo Entities Undertaken Convertible Bonds"	:	Has the meaning ascribed to it in paragraph 2.7(b)(iv)(1) of this Circular
"IFA Letter"	:	The letter issued by Xandar Capital dated 10 February 2025
"Independent Directors"		All Directors, except Li Lei and Wang Guannan
"Independent Shareholders"	:	Shareholders of the Company, except Lin Yucheng, Joyfield Group Limited and Pan Shuhong and any party not independent of the BLP Concert Party Group
"Irrevocable Undertakings"	:	Has the meaning ascribed to it in paragraph 2.7(b) of this Circular
"Issue Price"	:	S\$1.00 for each Convertible Bond
"Latest Practicable Date"	:	27 January 2025, being the latest practicable date prior to the printing of this Circular
"Lender"	:	Has the meaning ascribed to it in paragraph 2.7(a) of this Circular
"Lin and Pan Entities Undertaken Convertible Bonds"	:	Has the meaning ascribed to it in paragraph 2.7(b)(iv)(3) of this Circular
"Lin and Pan Entities Undertaken Excess Convertible Bonds"	:	Has the meaning ascribed to it in paragraph 2.7(b)(v) of this Circular
"Listing Manual"	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
"Ma Entities Undertaken Convertible Bonds"	:	Has the meaning ascribed to it in paragraph 2.7(b)(iv)(2) of this Circular
"Maturity Date"	:	Has the meaning ascribed to it in paragraph 2.1 of this Circular

DEFINITIONS

"Maximum Rights Issue Scenario"	:	Has the meaning ascribed to it in paragraph 2.2(b) of this Circular
"MGO"	:	Mandatory general offer
"Minimum Rights Issue Scenario"	:	Has the meaning ascribed to it in paragraph 2.2(a) of this Circular
"NAV"	:	Net asset value
"Net Proceeds"	:	Has the meaning ascribed to it in paragraph 2.5 of this Circular
"Nil-Paid Rights"	:	Provisional allotments of the Convertible Bonds under the Rights Issue
"Notice of SGM"	:	The notice of the SGM as set out on pages N-1 to N-4 of this Circular
"OIS"	:	The offer information statement to be issued by the Company in respect of the Rights Issue, together with the Product Highlights Sheet, the PAL, the ARE, the ARS and all other accompanying documents to be issued by the Company, including, where the context admits, any supplementary or replacement document which may be issued by the Company and lodged with the Authority in connection with the Rights Issue
"Ordinary Resolutions"	:	Has the meaning ascribed to it in paragraph 1.2 of this Circular
"PAL"	:	The provisional allotment letter to be issued to the Entitled Scripholders, setting out the provisional allotment of Convertible Bonds of such Entitled Scripholder under the Rights Issue
"Partial Redemption"	:	Has the meaning ascribed to it in paragraph 2.4 of this Circular
"Participating Banks"	:	Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited
"Per Share Interest Amount"	:	An amount equal to (i) the amount of interest that has accrued and will accrue pursuant to the Terms and Conditions on the then outstanding Convertible Bonds in any applicable financial year divided by (ii) the number of Shares into which the then outstanding Convertible Bonds are convertible at the Conversion Price then in effect
"PRC"	:	The People's Republic of China
"Product Highlights Sheet"	:	The product highlights sheet to be prepared by the Company in relation to the Rights Issue to accompany the OIS
"Proposed Transactions"	:	The Rights Issue Resolution, the Whitewash Resolution and the Transfer Resolution

DEFINITIONS

"Purchasers"	:	Persons purchasing the Nil-Paid Rights under the Rights Issue traded on the SGX-ST through the book-entry (scripless) settlement system
"RC"	:	The remuneration committee of the Company
"Record Date"	:	Has the meaning ascribed to it in paragraph 1.1 of this Circular
"Registration Date"	:	Has the meaning ascribed to it in paragraph 2.1 of this Circular
"Rights Issue"	:	The renounceable non-underwritten rights issue by the Company of up to S\$99,609,642 in aggregate principal amount of 7.00% Convertible Bonds convertible into up to 398,438,568 Conversion Shares on the basis of 125 Convertible Bonds for every 1,000 existing Shares held by Entitled Shareholders as at Record Date, fractional entitlements to be disregarded
"Rights Issue Resolution"	:	Has the meaning ascribed to it in paragraph 2.9 of this Circular
"SAC Capital", "Financial Adviser" or "Rights Manager"	:	SAC Capital Private Limited
"Securities Account"	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
"SFA"	:	The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
"SGM"	:	The special general meeting of the Company to be held on 26 February 2025 at 10.00 a.m., notice of which is set out on Pages N-1 to N-4 of this Circular
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"SGXNET"	:	Singapore Exchange Network, a system network used by listed companies for sending information and announcements to the SGX-ST or any other system network prescribed by the SGX-ST
"Share Registrar" or "Singapore Share Transfer Agent"	:	In.Corp Corporate Services Pte. Ltd.
"Shareholders"	:	The registered holders of the Shares in the register of members of the Company, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
"Shares"	:	Ordinary shares in the issued and paid-up capital of the Company
"SIC"	:	Securities Industry Council

DEFINITIONS

"SIC Conditions"	:	Has the meaning ascribed to it in paragraph 3.3 of this Circular
"SRS"	:	The Supplementary Retirement Scheme constituted under the Income Tax (Supplementary Retirement Scheme) Regulations 2003, as amended, supplemented or modified from time to time
"SRS Approved Banks"	:	Approved banks in which SRS Members hold their respective SRS accounts
"SRS Funds"	:	Monies standing to the credit of the respective SRS accounts of SRS Members under the SRS
"SRS Members"	:	Shareholders who as at the Record Date were holding Shares which were subscribed for or purchased under the SRS using their SRS Funds
"Stock Exchange Business Day"	:	Has the meaning ascribed to it in paragraph 2.1 of this Circular
"Substantial Shareholder"	:	A person who has an interest in not less than 5.0% of the total votes attached to all the voting Shares (excluding treasury Shares) in the Company
"Terms and Conditions"	:	Terms and conditions of the Convertible Bonds
"Transfer Agent"	:	In.Corp Corporate Services Pte. Ltd.
"Transfer Resolution"	:	Has the meaning ascribed to it in paragraph 4 of this Circular
"Trustee"	:	Lion Trust (Singapore) Limited
"Undertaken Shares"	:	Has the meaning ascribed to it in paragraph 2.7(b)(i) of this Circular
"Undertaking Guo Entities"	:	Guo Hong Xin, Allgreat Pacific Limited, Sunpower Business Group Pte. Ltd. and Chen Ping (陈萍)
"Undertaking Lin and Pan Entities"	:	Lin Yucheng, Joyfield Group Limited, Pan Shuhong and BLP Capital
"Undertaking Ma Entities"	:	Ma Ming and Claremont Consultancy Limited
"Undertaking Parties"	:	Undertaking Guo Entities, Undertaking Ma Entities and Undertaking Lin and Pan Entities
"Whitewash Resolution"	:	The ordinary resolution to be passed by Independent Shareholders at the SGM to waive their rights to receive a MGO from the BLP Concert Party Group
"Whitewash Waiver"	:	Has the meaning ascribed to it in paragraph 3.3 of this Circular
"Xandar Capital"	:	Xandar Capital Pte. Ltd.
"YoY"	:	Has the meaning ascribed to it in Appendix D of this Circular

DEFINITIONS

"%" or "per cent."	: Percentage or per centum
"RMB"	: Renminbi, the lawful currency of the PRC
"S\$" or "SGD"	: Singapore dollars, the lawful currency of the Republic of Singapore
"US\$" or "USD"	: United States dollars, the lawful currency of the United States of America
"9M2023"	: Nine months ended 30 September 2023
"9M2024"	: Nine months ended 30 September 2024

The term "**subsidiary**" shall have the meaning ascribed to it in the Companies Act.

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Listing Manual, the Companies Act, the SFA, the Code or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall have the meaning ascribed to it under the Listing Manual, the Companies Act, the SFA, the Code or any statutory or regulatory modification, unless the context otherwise requires.

Any reference to a time of day or date in this Circular is made by reference to a time of date or date, as the case may be, in Singapore, unless otherwise stated.

Any discrepancies in tables included herein (if any) between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Cautionary Note on Forward-Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "**expect**", "**anticipate**", "**believe**", "**estimate**", "**intend**", "**project**", "**plan**", "**strategy**", "**forecast**" and similar expressions or future or conditional verbs such as "**if**", "**will**", "**would**", "**should**", "**could**", "**may**" and "**might**". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

SUNPOWER GROUP LTD.

(Company Registration No. 35230)
(Incorporated in Bermuda with limited liability)

Board of Directors:

Mr. Guo Hong Xin (Non-Executive Chairman)
Mr. Ma Ming (Executive Director and Chief Executive Officer)
Mr. Yang Zheng (Lead Independent Director)
Mr. Limjoco Ross Yu (Independent Director)
Mr. Mak Yen-Chen Andrew (Independent Director)
Mr. Wang Dao Fu (Independent Director)
Mr. Li Lei (Non-Executive and Non-Independent Director)
Ms. Wang Guannan (Non-Executive and Non-Independent Director)

Registered Office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

10 February 2025

To: Shareholders of Sunpower Group Ltd.

Dear Sir/Madam,

- (1) **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE (THE "RIGHTS ISSUE") OF UP TO S\$99,609,642 IN AGGREGATE PRINCIPAL AMOUNT OF 7.00% CONVERTIBLE BONDS (AS DEFINED HEREIN) CONVERTIBLE INTO UP TO 398,438,568 CONVERSION SHARES (AS DEFINED HEREIN), ON THE BASIS OF 125 CONVERTIBLE BONDS FOR EVERY 1,000 EXISTING SHARES HELD BY ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT RECORD DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED;**
- (2) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) TO RECEIVE A MANDATORY GENERAL OFFER FROM THE BLP CONCERT PARTY GROUP (AS DEFINED HEREIN) FOR THE REMAINING ISSUED AND PAID-UP SHARES OF THE COMPANY NOT OWNED OR CONTROLLED BY THEM, AS A RESULT OF THE CONVERSION OF THE CONVERTIBLE BONDS PURSUANT TO THE PROPOSED RIGHTS ISSUE REFERRED TO IN (1) ABOVE; AND**
- (3) **THE PROPOSED POTENTIAL TRANSFER OF CONTROLLING INTEREST TO BLP CAPITAL (AS DEFINED HEREIN) PURSUANT TO THE CONVERSION OF CONVERTIBLE BONDS AND THE IRREVOCABLE UNDERTAKING (AS DEFINED HEREIN) GIVEN BY THE UNDERTAKING LIN AND PAN ENTITIES (AS DEFINED HEREIN).**

1. INTRODUCTION

1.1. The Board refers to:

- (a) the Company's announcement dated 9 December 2024 in connection with the proposed renounceable non-underwritten rights issue (the "**Rights Issue**") of up to S\$99,609,642 in aggregate principal amount of 7.00% convertible bonds (the "**Convertible Bonds**") convertible into up to 398,438,568 new ordinary shares in the

LETTER TO SHAREHOLDERS

capital of the Company (the "**Shares**", and the new Shares to be issued upon the conversion of the Convertible Bonds, the "**Conversion Shares**") in the denomination of S\$1.00 each and integral multiples thereof, on the basis of 125 Convertible Bonds for every 1,000 existing Shares held by Entitled Shareholders, as at a date and time to be determined by the Board for the purpose of determining the entitlements of the Entitled Shareholders under the Rights Issue (the "**Record Date**"), fractional entitlements to be disregarded; and

- (b) the Company's announcement dated 5 February 2025 in relation to, *inter alia*, the grant of SGX-ST's approval in-principle for the listing of and quotation for the Convertible Bonds and the Conversion Shares on the Official List of the SGX-ST and certain revisions to the terms of the Rights Issue.

- 1.2. The purpose of this Circular is to provide Shareholders with information relating to and to seek the approval from the Shareholders for the Proposed Transactions as ordinary resolutions ("**Ordinary Resolutions**") to be tabled at the forthcoming SGM, and to give the Shareholders notice of the SGM.
- 1.3. SAC Capital has been appointed as the Financial Adviser in relation to the Proposed Transactions and the Rights Manager. None of SAC Capital and its directors has any interest in the Shares.
- 1.4. Rajah & Tann Singapore LLP is the legal adviser to the Company as to Singapore law in relation to the Proposed Transactions.

2. RIGHTS ISSUE

2.1. Principal Terms of the Rights Issue, the Convertible Bonds and the Conversion Shares

The principal terms of the Rights Issue, the Convertible Bonds and the Conversion Shares are as follows:

The Rights Issue

Principal terms	Description
Allotment Ratio	: The Rights Issue will be made on a renounceable basis to Entitled Shareholders and issued in the denomination of S\$1.00 in principal amount of Convertible Bonds amounting to 125 Convertible Bonds for every 1,000 existing Shares held by them on the Record Date, fractional entitlements to be disregarded.
	For the avoidance of doubt, an Entitled Shareholder is not required to hold a minimum of 1,000 Shares as at the Record Date in order to be provisionally allotted Convertible Bonds. For illustrative purposes, an Entitled Shareholder who holds eight (8) Shares as at the Record Date will be provisionally allotted one (1) Convertible Bond. An Entitled Shareholder who holds less than eight (8) Shares as at the Record Date will not be provisionally allotted any Convertible Bonds.
	In the allotment of excess Convertible Bonds, preference will be given to the rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee)

LETTER TO SHAREHOLDERS

Principal terms	Description
	<p>on the Board of Directors of the Company, will rank last in priority for the rounding of odd lots and the allotment of excess Convertible Bonds.</p> <p>Lin Yucheng, Joyfield Group Limited and Pan Shuhong are Substantial Shareholders who have influence over the Company in connection with the terms of the Rights Issue, including the giving of an Irrevocable Undertaking pursuant to which they would subscribe for the Lin and Pan Entities Undertaken Excess Convertible Bonds. As such, the Undertaking Lin and Pan Entities will rank last in priority for the rounding of odd lots and allotment of excess Convertible Bonds in accordance with Rule 877(10) of the Listing Manual.</p> <p>For completeness, in the event that any of the Substantial Shareholders controlled by the Directors, namely Guo Hong Xin (i.e. Allgreat Pacific Limited and Sunpower Business Group Pte. Ltd.) and Ma Ming (i.e. Claremont Consultancy Limited and Tournan Trading Pte. Ltd.) apply to subscribe for excess Convertible Bonds, each of them will be ranked last in priority in the allotment of the same, in accordance with Rule 877(10) of the Listing Manual.</p>
Minimum Amount to be Raised	: Approximately S\$96.84 million ¹ .
Use of Proceeds	: Please refer to paragraph 2.5 of this Circular for further information on the use of proceeds.
Purpose of Rights Issue	: Please refer to paragraph 2.4 of this Circular for further information on the purpose of the Rights Issue.
Eligibility to Participate in the Rights Issue	: Please refer to paragraph 2.10 of this Circular for further information.
Acceptance, Excess Application and Payment	<p>: Entitled Shareholders will be at liberty to accept, decline or renounce their provisional allotments of Convertible Bonds and will be eligible to apply for additional Convertible Bonds in excess of their provisional allotments under the Rights Issue.</p> <p>Fractional entitlements to the Convertible Bonds will be aggregated and used with provisional allotments which are not taken up or allotted for any reason to satisfy excess applications for Convertible Bonds (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.</p>

¹ The Company intends to use the net proceeds from the Rights Issue to redeem the Existing Bonds, which amounts to an aggregate principal amount of approximately US\$130 million. On 2 January 2025, the Company had effected payment of the first tranche of Partial Redemption amounting to a payment of US\$54.00 million using current resources of the Group. As at the Latest Practicable Date, the outstanding principal amount of the Existing Bonds is approximately US\$83.58 million. As at the Latest Practicable Date, in order to fully redeem the Existing Bonds at the Existing Bonds Maturity Date, the Company intends to secure additional bank loans of up to US\$28.82 million (approximately S\$38.75 million) and raise a minimum amount of approximately S\$96.84 million through the Rights Issue. Please refer to paragraph 2.4 of this Circular for further information.

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Principal terms	Description
	<p>In the allotment of excess Convertible Bonds, preference will be given to Shareholders for the rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of Directors will rank last in priority for rounding of odd lots and allotment of excess Convertible Bonds.</p> <p>Lin Yucheng, Joyfield Group Limited and Pan Shuhong are Substantial Shareholders who have influence over the Company in connection with the terms of the Rights Issue, including the giving of an Irrevocable Undertaking pursuant to which they would subscribe for the Lin and Pan Entities Undertaken Excess Convertible Bonds. As such, the Undertaking Lin and Pan Entities will rank last in priority for the rounding of odd lots and allotment of excess Convertible Bonds in accordance with Rule 877(10) of the Listing Manual.</p> <p>For completeness, in the event that any of the Substantial Shareholders controlled by the Directors, namely Guo Hong Xin (i.e. Allgreat Pacific Limited and Sunpower Business Group Pte. Ltd.) and Ma Ming (i.e. Claremont Consultancy Limited and Tournan Trading Pte. Ltd.) apply to subscribe for excess Convertible Bonds, each of them will be ranked last in priority in the allotment of the same, in accordance with Rule 877(10) of the Listing Manual.</p> <p>The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the provisional allotments of the Convertible Bonds and for the applications for excess Convertible Bonds, including the different modes of acceptance or application and payment, will be included in the OIS and in the ARE, the ARS and the PAL.</p>
Use of SRS Funds	: Please refer to paragraph 2.10(e) of this Circular for further information.
Trading of Nil-Paid Rights	<p>: Entitled Depositors who wish to trade all or part of their provisional allotments of Convertible Bonds on the SGX-ST can do so during the rights trading period prescribed by the SGX-ST.</p> <p>Entitled Depositors should note that the Nil-Paid Rights will be tradable in board lots, each board lot comprising provisional allotments of 100 Convertible Bonds. Entitled Depositors who wish to trade in lot sizes other than this may do so in the Unit Share Market during the rights trading period.</p> <p>All dealings in and transactions (including transfers) in relation to the Nil-Paid Rights effected through the SGX-ST and/or CDP shall be made in accordance with the "<i>Terms and Conditions for Operation of Securities Account with The Central Depository (Pte) Limited</i>", copies of which are available from CDP, and additionally, the CDP Application Form, as the same may be amended from time to time.</p>
Underwriting	: The Rights Issue will not be underwritten.

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Principal terms	Description
Irrevocable Undertakings	: Please refer to paragraph 2.7 of this Circular for further information.

The Convertible Bonds and the Conversion Shares

Principal Terms	Description
Issue Price and Principal Amount	: S\$1.00 for each Convertible Bond (" Issue Price ").
Size of Convertible Bonds and Conversion Shares	: Based on the Existing Share Capital (a) under the Minimum Rights Issue Scenario, the Company will issue up to S\$99,460,767 in aggregate principal amount of Convertible Bonds which are convertible into up to 397,843,068 Conversion Shares based on the Conversion Price of S\$0.25, and (b) under the Maximum Rights Issue Scenario, the Company will issue up to S\$99,609,642 in aggregate principal amount of Convertible Bonds which are convertible into up to 398,438,568 Conversion Shares based on the Conversion Price of S\$0.25.
Conversion Price	: Subject to adjustments to be set out in the Terms and Conditions, the initial conversion price at which each Conversion Share will be issued shall be S\$0.25 (the " Conversion Price "), provided that the Conversion Price shall not be less than the par value of a Share of US\$0.01.
Discount	: The Conversion Price represents a discount of approximately 9.09% over the closing price of S\$0.275 per Share quoted on the SGX-ST on 6 December 2024, being the last full market day immediately before the date of the Announcement. The Conversion Price and discount have been determined by the Directors after taking into account the prevailing market price of the Shares and the rationale, size and terms of the Rights Issue.
Maturity Date	: Five (5) years from the issue date of the Convertible Bonds (the " Maturity Date ").
Coupon	: 7.00% per annum, payable on a semi-annual basis.
Form and Denomination	: The Convertible Bonds will be issued in registered form and in the denomination of S\$1.00 each and integral multiples thereof and will initially be represented by a global certificate registered in the name of, and deposited with the CDP. Except in the limited circumstances described in the provisions of the global certificate representing the Convertible Bonds, owners of interests in the Convertible Bonds represented by such global certificate will not be entitled to receive definitive security certificates in respect of their individual holdings of Convertible Bonds. The Convertible Bonds which are represented by such global certificate will be transferable only in accordance with the rules and procedures for the time being of CDP.

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Principal Terms	Description
Conversion Right	: Bondholders will have the right to convert their Convertible Bonds into Conversion Shares, credited as fully paid, in accordance with the Terms and Conditions. To exercise the Conversion Right attaching to any Convertible Bonds, the Bondholder must convert at least 100 Convertible Bonds, but this shall not apply in the event permission is not granted by the SGX-ST.
Conversion Period	: Subject to and in compliance with the Terms and Conditions and any applicable fiscal or other laws or regulations, Bondholders may exercise the right to convert their Convertible Bonds, in whole or in part, into Conversion Shares at any time on or after the date falling 60 days after the issue date of the Convertible Bonds up to the close of business on the date falling 15 Business Days prior to the Maturity Date, excluding Closed Periods ² (as described in the Terms and Conditions), or if such Convertible Bond shall have been called for redemption before the Maturity Date, then up to the close of business on a date no later than 15 Business Days prior to the date fixed for redemption thereof but excluding the Closed Periods (as described in the Terms and Conditions), provided that the Conversion Date for which the Conversion Right has been validly exercised shall (subject to the provisions of the Terms and Conditions) be deemed to be the last day of the three-month periods ending 31 March, 30 June, 30 September or 31 December immediately following the date of the surrender of the bond certificate in respect of such Convertible Bond and delivery of the conversion notice (" Conversion Notice "), and provided that, in each case, if such final date for the exercise of the right to convert is not a day (other than a Saturday or Sunday) on which the SGX-ST is open for business of dealing in securities (" Stock Exchange Business Day "), then the period for exercise of conversion by Bondholders shall end on the immediately preceding Stock Exchange Business Day.
Allotment of Conversion Shares	: As soon as practicable, and in any event not later than 15 Stock Exchange Business Days after the Conversion Date, the Company will, in the case of Convertible Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant certificate and amounts payable by the relevant Bondholder paid as required under the Terms and Conditions, procure that the relevant number of Conversion Shares are allotted to and registered in the name of CDP for credit to the Securities Account designated for the purpose in the Conversion Notice for so long as the Shares are listed on the SGX-ST.

² "**Closed Period**" means any period of time: (a) during the period of 15 days ending on (and including) the dates for payment of any principal pursuant to the Terms and Conditions; (b) after a notice of conversion has been delivered with respect to a Convertible Bond; or (c) during the period from and including the 15th day before the due date for the payment of interest on a Convertible Bond to and including the due date of payment of interest on a Convertible Bond.

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Principal Terms	Description
Adjustments to Conversion Price	<p>: The Conversion Price will be subject to adjustment in certain events, including:</p> <ul style="list-style-type: none"> (a) consolidation, share buybacks, subdivision or reclassification; (b) capitalisation of profits or reserves; (c) capital distributions; (d) rights issues of Shares or options over Shares; (e) rights issues of other securities; (f) issues of Shares at less than the current market price; (g) issues of securities which carry rights of conversion into, or exchange or subscription for, Shares at a consideration less than current market price; (h) modification of rights of conversion, exchange or subscription attaching to any other securities issued and which are convertible into Shares such that the consideration per Share is less than the current market price; (i) issues of securities in the context of an offer to Shareholders; and (j) in events or circumstances not otherwise provided in the Terms and Conditions, the use by the Company of a leading independent investment bank of international repute (acting as expert) to determine if the adjustment is fair and reasonable, so as to restore the economic position of the Bondholders after the occurrence of such events or circumstances, to the same position as if the diluting or concentrating effect of such events or circumstances had not occurred. <p>The adjustments are determined in accordance with the specified formulas set out in the Terms and Conditions.</p>
Status of the Convertible Bonds	<p>: The Convertible Bonds will constitute direct, unconditional, unsubordinated and (subject to the Terms and Conditions) unsecured obligations of the Company. The Convertible Bonds shall at all times rank <i>pari passu</i> without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law, rank at least equally with all other present and future direct, unconditional, unsubordinated and unsecured obligations.</p>
Status of the Conversion Shares	<p>: The Conversion Shares issued upon conversion of the Convertible Bonds will be fully paid and in all respects rank <i>pari passu</i> with the Shares in issue on the date the Bondholder is registered as such in the Company's register of members (the "Registration Date"), save</p>

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Principal Terms	Description
	for any dividends, rights, allotments or other distributions for which the record date precedes the relevant Registration Date of the Conversion Shares, subject to the Terms and Conditions.
Transfer of Convertible Bonds	: Subject to the Terms and Conditions, a Convertible Bond may be transferred by delivery of the bond certificate issued in respect of that Convertible Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Bond Registrar and the Transfer Agent.
Final Redemption	: Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Company will redeem each Convertible Bond at 100% of its principal amount together with unpaid accrued interest thereon on the Maturity Date. The Company shall notify all Bondholders of the forthcoming maturity of the Convertible Bonds at least one month prior to the Maturity Date. Based on the total number of issued Shares as at the Latest Practicable Date and on the basis of the Irrevocable Undertakings, assuming that, on or prior to the Record Date, 1,191,000 Shares are issued pursuant to the exercise of the ESOS Options (i.e. the Maximum Rights Issue Scenario), the final redemption amount assuming that none of the Convertible Bonds are redeemed or purchased and cancelled by the Maturity Date will be S\$99,609,642. Taking into account that the Maturity Date is five years from the date of issuance of the Convertible Bonds, it may not be feasible for the Company to fully ascertain its financing options, as at the date of this Circular, to redeem the Convertible Bond at the Maturity Date. However, the Company will evaluate its refinancing options at an appropriate stage in the event that none of the Bondholders exercises their Conversion Rights. As far as can be ascertained at this time and barring unforeseen circumstances, some potential refinancing options may include, but are not limited to, seeking new investors, seeking equity or debt funding, carrying out a strategic review of the Group's existing operations and financials, and monetising certain GI projects
Tax Redemption	: The Company may, at any time, having given not less than 30 nor more than 60 days' irrevocable notice to the Bondholders, redeem all (and not some only) of the Convertible Bonds at 100% of their principal amount together with interest accrued to the date fixed for redemption, for taxation reasons, and in the manner, set out in the Terms and Conditions.
Redemption at the option of the Bondholders	: Redemption of the Convertible Bonds may not be made at the option of the Bondholders.
Events of Default	: Please refer to Appendix A of this Circular for more details.

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Principal Terms	Description
Board Representative of the Bondholders	<p>: Bondholders shall be entitled to nominate a maximum of two (2) persons to the Board. Bondholder(s) acting in concert who hold more than 25% of the principal amount of the Convertible Bonds (at issuance) shall be entitled to nominate two (2) persons to the Board.</p> <p>Subject to the priority of foregoing, Bondholder(s) who hold more than 20% but less than or equal to 25% of the principal amount of the Convertible Bonds (at issuance) shall be entitled to nominate one (1) person to the Board. In the event of competing nominations, Bondholder(s) with the higher percentage shall prevail.</p> <p>As subscriptions of the Convertible Bonds cannot be determined as at the Latest Practicable Date, it will not be possible to definitively ascertain as at the date hereof, whether any Bondholders would be eligible to nominate any person to the Board. In the event that any Bondholder(s) becomes eligible to do so and elects to nominate any person to the Board, the Company will make the necessary announcements accordingly.</p> <p>For the avoidance of doubt, any appointment of Directors pursuant to nominations made by Bondholders shall be subject to the Bye-laws of the Company.</p>
Excess Cash Dividend	<p>: If the Company pays any Excess Cash Dividend in any financial year, it will simultaneously pay to each Bondholder an additional amount of interest equal to the Excess Cash Dividend Amount multiplied by the number of Shares into which such Convertible Bond is convertible at the Conversion Price then in effect on the relevant record date for the payment of such Excess Cash Dividend provided that any interest which has accrued on the Convertible Bond and paid to a Bondholder shall be deducted from the Excess Cash Dividend Amount payable to such Bondholder.</p> <p><u>Illustrative Example of Excess Cash Dividend</u></p> <p>The following illustrative examples demonstrate the application of the Excess Cash Dividend mechanism in the context of the Minimum Rights Issue Scenario, under which the Company will issue up to S\$99,460,767 in aggregate principal amount of Convertible Bonds, resulting in an approximate annual coupon payment of approximately S\$6,962,254 to Bondholders. This translates to an annual Per Share Interest Amount of approximately S\$0.0175³.</p> <p>If the Company declares a cash dividend of S\$0.0101 per Share to Shareholders in the financial year, the Excess Cash Dividend is S\$0.0101. Assuming no prior Excess Cash Dividend Amount payments have been made to Bondholders within the same financial year, the Excess Cash Dividend Amount will be nil. This is because Excess Cash Dividend (S\$0.0101) is less than the Per Share Interest</p>

³ Per Share Interest Amount of S\$0.0175 is derived by dividing the approximate annual coupon payment of S\$6,962,254 by 397,843,068, being the number of Conversion Shares into which such Convertible Bonds are convertible at the Conversion Price in the Minimum Rights Issue Scenario.

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Principal Terms	Description
	<p>Amount (S\$0.0175). Consequently, no additional interest payment would be due to the Bondholders, apart from the annual Per Share Interest Amount of approximately S\$0.0175.</p> <p>If the Company declares a cash dividend of S\$0.0264 per Share to Shareholders in the financial year, the Excess Cash Dividend is S\$0.0264. Assuming no prior Excess Cash Dividend Amount payments have been made to Bondholders within the same financial year, the Excess Cash Dividend Amount to be payable to Bondholder will be S\$0.0089. This is calculated as the difference between the Excess Cash Dividend (S\$0.0264) and the Per Share Interest Amount (S\$0.0175).</p>
Liquidation	<p>: In the event an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Company, the Trustee may, if so requested in writing by the Bondholders of not less than 25% in principal amount of the Convertible Bonds then outstanding or if so directed by a special resolution shall (subject to being indemnified and/or secured and/or pre-funded as to such amounts as may be requested and notified to the Bondholders by the Bondholders to the trustee's satisfaction), against all actions, liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges, damages and expenses which may be incurred by it, give notice to the Company that the Convertible Bonds are, and they shall accordingly thereby become, immediately due and repayable at their principal amount plus unpaid accrued interest (subject to and without prejudice to the right of the Bondholders to exercise their Conversion Right).</p>
Clearing and Settlement	<p>: The Convertible Bonds will be cleared through CDP and represented by a global certificate registered in the name of, and deposited with, CDP as authorised depository.</p>
Listing and Trading of the Convertible Bonds and the Conversion Shares	<p>: On 4 February 2025, the SGX-ST granted approval in-principle for the listing and quotation of the Convertible Bonds and the Conversion Shares on the Official List of the SGX-ST, subject to certain conditions. The approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Convertible Bonds, the Conversion Shares, the Rights Issue, the Company and/or its subsidiaries.</p> <p>Upon the listing of and quotation for the Convertible Bonds and the Conversion Shares on the SGX-ST, the Convertible Bonds and the Conversion Shares, when issued, will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. The Convertible Bonds may also be traded over-the-counter on the Debt Securities Clearing and Settlement System. All dealings in the transactions (including transfers) of the Convertible Bonds and the Conversion Shares effected through the SGX-ST and/or CDP shall be made in accordance with the "<i>Terms and Conditions for Operation of Securities Account with The Central Depository (Pte) Limited</i>", copies of which are available from CDP, and in the case of the Convertible Bonds, additionally, the CDP Application Form, as the</p>

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same may be amended from time to time.

It should be noted that the Convertible Bonds may not be listed and quoted on the SGX-ST in the event of an insufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the Convertible Bonds. Accordingly, in such event, Bondholders will not be able to trade their Convertible Bonds on the SGX-ST. However, the Convertible Bonds may be traded over-the-counter on the Debt Securities Clearing and Settlement System and will be cleared through CDP. In addition, if the Convertible Bonds are converted into Conversion Shares in accordance with its terms, such Conversion Shares will be listed and quoted on the SGX-ST.

The Convertible Bonds will be traded on the SGX-ST in board lots of 100 Convertible Bonds with a principal amount of S\$100. Bondholders who hold odd lots of Convertible Bonds (that is, lots other than board lots of 100 Convertible Bonds with a principal amount of S\$100) and who wish to trade in odd lots on the SGX-ST are able to trade odd lots of Convertible Bonds in Board lots of one Convertible Bond with a principal amount of S\$1.00 on the Unit Share Market.

In the case of the Conversion Shares, for the purposes of trading on the Main Board of the SGX-ST, each board lot of Shares will comprise 100 Shares. Shareholders who hold odd lots of Shares (that is, lots other than board lots of 100 Shares) are able to trade odd lots of Shares in board lots of one Share on the Unit Share Market.

Bondholders or, as the case may be, Shareholders who hold odd lots of Convertible Bonds or, as the case may be, Shares may have difficulty and/or have to bear disproportionate transaction costs in realising the fair market price of such Convertible Bonds or, as the case may be, Shares.

Governing Law : The Convertible Bonds will be governed by, and construed in accordance with, the laws of Singapore.

The terms and conditions of the Rights Issue are subject to such changes as the Directors, after consultation with the Rights Manager, may deem appropriate. The final terms and conditions of the Rights Issue will be contained in the OIS to be lodged with the Authority and despatched by the Company to Entitled Shareholders in due course, subject to, *inter alia*, the approval of the Shareholders for the Rights Issue Resolution at the SGM.

2.2. Size of the Rights Issue

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of 795,686,142 Shares (the "**Existing Share Capital**"). The Company does not have any treasury Shares.

In addition, there are outstanding options granted under the Sunpower Employee Share Option Scheme 2015 (the "**ESOS Options**"), which may be exercisable into up to 1,191,000 new Shares on or prior to the Record Date. Unless otherwise determined by the RC, the Rights Issue is not an event which would require adjustment to the ESOS Options under the terms of

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the ESOS Options. As at the Latest Practicable Date, the RC has not determined that the ESOS Options would be adjusted pursuant to the Rights Issue. In the event the RC makes a determination to adjust the ESOS Options pursuant to the Rights Issue, the Company will make full disclosure as required.

Based on the Existing Share Capital:

- (a) assuming that, on or prior to the Record Date, no ESOS Options are exercised into Shares, the Company will issue up to S\$99,460,767⁴ in aggregate principal amount of Convertible Bonds under the Rights Issue, which are convertible into up to 397,843,068⁵ Conversion Shares based on an indicative Conversion Price of S\$0.25 ("**Minimum Rights Issue Scenario**"); and
- (b) assuming that, on or prior to the Record Date, 1,191,000 Shares are issued pursuant to the exercise of ESOS Options, the Company will issue up to S\$99,609,642⁶ in aggregate principal amount of Convertible Bonds under the Rights Issue, which are convertible into up to 398,438,568⁷ Conversion Shares based on an indicative Conversion Price of S\$0.25 ("**Maximum Rights Issue Scenario**").

In addition, based on the Existing Share Capital and the Enlarged Issued Share Capital:

- (a) under the Minimum Rights Issue Scenario, the 397,843,068 Conversion Shares represent 50.0% of the Existing Share Capital and 33.3% of the Enlarged Issue Share Capital of 1,193,529,210 Shares; and
- (b) under the Maximum Rights Issue Scenario, the 398,438,568 Conversion Shares represents 50.0% of the Existing Share Capital and 33.3% of the Enlarged Issue Share Capital of 1,195,315,710 Shares.

For completeness, the Minimum Rights Issue Scenario and Maximum Rights Issue Scenario above assume that the Undertaking Parties will subscribe for the Convertible Bonds pursuant to their Irrevocable Undertakings and are not dependent on the level of subscriptions by other Shareholders. To illustrate, in the event that no Shareholder (other than the Undertaking Parties) accepts their provisional allotments of the Convertible Bonds and/or applies for excess Convertible Bonds, such excess Convertible Bonds will be taken up by the Undertaking Lin and Pan Entities pursuant to their Irrevocable Undertaking, as described in paragraphs 2.7(b)(iv)(3) and 2.7(e)(ii) of this Circular and accordingly, the Rights Issue will be fully subscribed. As such, the principal amount of Convertible Bonds and the number of corresponding Conversion Shares described under the Minimum Rights Issue Scenario and Maximum Rights Issue Scenario above will remain unchanged regardless of the level of subscriptions by the Shareholders (other than the Undertaking Parties).

⁴ S\$99,460,767 is calculated based on 99,460,767 Convertible Bonds in the denomination of S\$1.00 each arising from the Rights Issue of Convertible Bonds from 795,686,142 Shares on the basis of 125 Convertible Bonds for every 1,000 existing Shares held.

⁵ 397,843,068 Conversion Shares is calculated by dividing S\$99,460,767 by the Conversion Price of S\$0.25.

⁶ S\$99,609,642 is calculated based on 99,609,642 Convertible Bonds in the denomination of S\$1.00 each arising from the Rights Issue of Convertible Bonds from 796,877,142 Shares (assuming exercise of ESOS Options) on the basis of 125 Convertible Bonds for every 1,000 existing Shares held.

⁷ 398,438,568 Conversion Shares is calculated by dividing S\$99,609,642 by the Conversion Price of S\$0.25.

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2.3. Conditions to the Rights Issue

The Rights Issue is subject to, amongst others, the following:

- (a) the execution of the trust deed constituting the Convertible Bonds;
- (b) the SIC Conditions in respect of the Whitewash Waiver having been satisfied;
- (c) the approval of the Shareholders for the Rights Issue Resolution at the SGM;
- (d) the approval of the Independent Shareholders for the Whitewash Resolution at the SGM;
- (e) the approval of the Shareholders for the Transfer Resolution at the SGM;
- (f) the submission of the additional listing applications to the SGX-ST for the dealing in and listing and quotation of the Convertible Bonds and the Conversion Shares on the Official List of the SGX-ST;
- (g) approval in-principle of the SGX-ST for the dealing in and listing and quotation of the Convertible Bonds and the Conversion Shares on the Official List of the SGX-ST not having been withdrawn or revoked as at the Closing Date;
- (h) the lodgement of the OIS together with all other accompanying documents (if applicable) with the Authority; and
- (i) all other necessary approvals, consents and/or waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights Issue and to give effect to the Rights Issue, being obtained and not having been withdrawn or revoked before the completion of the Rights Issue.

As at the date of this Circular, the Company has submitted the additional listing applications referred to in sub-paragraph (f) above and on 4 February 2025, the SGX-ST has granted approval in-principle for the listing and quotation of the Convertible Bonds and the Conversion Shares on the Official List of the SGX-ST, subject to certain conditions. Therefore, as of the date of this Circular, the condition referred to in sub-paragraph (f) above has been satisfied. Please refer to paragraph 2.12 of this Circular for further details.

2.4. Rationale for the Rights Issue

The Company has existing convertible bonds ("**Existing Bonds**") in an aggregate principal amount of approximately US\$130 million, which were issued by the Company in two tranches of aggregate principal amounts of approximately US\$110 million and US\$20 million. In 2015, the Group decided to enter the GI business to capitalise on favourable laws and policies enacted by the PRC government at that time and growing opportunities in the PRC to invest in and operate centralised steam facilities. In order to raise funds to invest in GI projects located in industrial parks that either have economic viability or industry clusters of excellence and expand its GI business in the PRC, the Company obtained Shareholders' approval for and issued convertible bonds with an aggregate principal amount of US\$110 million ("**CB1**") in March 2017. Subsequently, the Company obtained Shareholders' approval for a further issuance of convertible bonds with an aggregate principal amount of up to US\$70 million ("**CB2**"), of which the Company issued convertible bonds with an aggregate principal amount of US\$20 million. The remainder of US\$50 million of approved CB2 was not drawn down and

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utilised, as the Group had utilised a portion of cashflows from certain of its operating GI projects to, among others, meet its funding needs.

The Existing Bonds will mature on the later of 3 April 2025 and if so elected by the Existing Bondholders (at their sole discretion) by written notice to the Company delivered not less than ten (10) Business Days before 3 April 2025, the date that is the 15th Business Day after the date on which the Company's audited financial statements for 2024 are issued (the "**Existing Bonds Maturity Date**").

Salient terms of the Existing Bonds, in particular in relation to the redemption thereof, are as follows:

Principal Terms of the Existing Bonds	Description
Principal Amount	: US\$130 million in aggregate.
Interest	: 2.5% cash coupon per annum.
Maturity Date	: Existing Bonds Maturity Date.
Redemption at Maturity	: Unless previously redeemed or converted and cancelled, the Company will redeem each Existing Bond at the Existing Bonds Maturity Date at a redemption price equal to (a) 100% of the outstanding principal amount, plus (ii) accrued and unpaid interest on the outstanding principal amount of the Existing Bond, plus (iii) a premium that would generate for the Existing Bondholder a total internal rate of return of 10.0% per annum.
Events of Default	: Upon the occurrence of any event of default specified in the terms and conditions of the Existing Bonds, each Existing Bondholder will be entitled to exercise its right to redeem the Existing Bonds, at a price that may generate for the Bondholder a total internal rate of return of 20%, assuming that the Existing Bondholder acquired such Existing Bond at its initial principal amount on the date of issue of the Existing Bonds and taking into account all interest, cash dividends and/or distributions paid by the Company and received by the Existing Bondholder (and would have been paid by the Company and received by the Existing Bondholder had the holder acquired such Existing Bonds at its initial principal amount on the date of issuance of the Existing Bond) in respect of such Existing Bond. "Event of default" under the terms and conditions of the Existing Bonds includes a default by the Company in the payment of any amount (of principal, redemption payment, interest or otherwise) due in respect of the Existing Bonds.

As at the Latest Practicable Date, the Company is not aware of any intention of the Existing Bondholders to convert their Existing Bonds into Shares.

In order to fully repay the aforementioned liabilities in connection with the Existing Bonds, the Company (a) is in the process of undertaking partial repayments of the Existing Bonds using

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the current resources of the Group, such repayment to be completed prior to the completion of the Rights Issue ("**Partial Redemption**"), and (b) will be undertaking the Rights Issue, to repay the remaining amount of the aforesaid liabilities in connection with the Existing Bonds.

On 20 December 2024, the Company announced that, in order to implement the Partial Redemption, it had entered into an alternative redemption agreement ("**Alternative Redemption Agreement**") with the Existing Bondholders to agree to an alternative redemption arrangement which shall apply in lieu of the redemption mechanism as set out in the terms and conditions of the Existing Bonds. The Company also announced that it intends to undertake the Partial Redemption in tranches and the Partial Redemption is expected to be completed prior to the completion of the Rights Issue. Subsequently on 2 January 2025, the Company announced that it had effected payment of the first tranche of Partial Redemption amounting to a payment of US\$54.00 million (which includes any interests and premium on the portion of the outstanding principal amount of the Existing Bonds redeemed in the first tranche of the Partial Redemption in accordance with the terms of the Alternative Redemption Agreement) to Existing Bondholders. As at the Latest Practicable Date, the outstanding principal amount of the Existing Bonds is approximately US\$83.58 million.

If the Rights Issue does not proceed, the Company will face an immediate need to re-evaluate alternate funding sources to redeem the Existing Bonds or risk facing default under the terms and conditions of the Existing Bonds.

In light of the above, having considered alternative fundraising methods and the benefits and costs of each, and the funding certainty of the Rights Issue (in light of the Irrevocable Undertakings provided by the Undertaking Parties) in the current volatile market conditions, the Directors believe that the Rights Issue is in the interest of the Company. The Rights Issue will also provide Entitled Shareholders who are confident of the future prospects of the Company with an opportunity to further participate in the equity of the Company through the conversion of the Convertible Bonds into Conversion Shares at a reasonable discount (while benefiting from the coupon payments from the Convertible Bonds in the meantime) and will allow the Group to be less reliant on external sources of funding. The financial position of the Group could also be further strengthened in the event the Convertible Bonds were converted into equity, thus extinguishing its redemption obligation.

2.5. Use of Proceeds

Based on the total number of issued Shares as at the Latest Practicable Date and on the basis of the Irrevocable Undertakings, assuming that, on or prior to the Record Date, 1,191,000 Shares are issued pursuant to the exercise of the ESOS Options (i.e. the Maximum Rights Issue Scenario), approximately S\$99.61 million in aggregate principal amount of Convertible Bonds are expected to be issued pursuant to the Rights Issue. The net proceeds from the issue of the Convertible Bonds (the "**Net Proceeds**") will be approximately S\$98.51 million, after deducting professional fees and related expenses incurred in connection with the Rights Issue of approximately S\$1.10 million.

Assuming that, no ESOS Options are exercised into Shares on or prior to the Record Date (i.e. the Minimum Rights Issue Scenario), approximately S\$99.46 million in aggregate principal amount of Convertible Bonds are expected to be issued pursuant to the Rights Issue. The Net Proceeds will be approximately S\$98.36 million, after deducting professional fees and related expenses incurred in connection with the Rights Issue of approximately S\$1.10 million.

As disclosed in paragraph 2.4 of this Circular, the Company intends to use the Net Proceeds for the repayment of the Existing Bonds issued by the Company to the Existing Bondholders on or before the Existing Bonds Maturity Date.

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Subject to the foregoing paragraphs, on the Closing Date:

- (a) if the total remaining redemption amount under the Existing Bonds after the Partial Redemption is greater than or equal to the Net Proceeds, the entire amount of the Net Proceeds shall be paid to the designated bank accounts of the Existing Bondholders; and
- (b) if the total remaining redemption amount under the Existing Bonds after the Partial Redemption is less than the Net Proceeds, then (i) an amount of the Net Proceeds equal to the total remaining redemption amount under the Existing Bonds after the Partial Redemption shall be paid to the designated bank accounts of the Existing Bondholders, and (ii) the remaining amount of the Net Proceeds shall be retained by the Company for working capital purposes.

For the purposes of paragraph 2.5(a) or 2.5(b)(i) of this Circular, the Company shall transfer the amount of Net Proceeds equivalent to the total remaining redemption amount under the Existing Bonds after the Partial Redemption to the designated bank accounts of the Existing Bondholders on a date to be determined by the Company, and such date is required to be on or prior to the Existing Bonds Maturity Date.

The Directors are of the opinion that, barring any unforeseen circumstances and after taking into consideration the Group's present bank facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements and its obligations as and when they fall due and continue as a going concern.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such disbursements are in accordance with the use of proceeds as stated in the OIS, and provide a status report on the use of the Net Proceeds in the Company's annual report until such time the Net Proceeds have been fully utilised. Where the proceeds have been used for working capital, the Company will also provide a breakdown with specific details on the use of Net Proceeds for working capital in the announcements and status reports. Where there is a material deviation in the use of the Net Proceeds, the Company will announce the reasons for such deviation.

2.6. Non-Underwritten Rights Issue

The Rights Issue will not be underwritten. The Company has decided to undertake the Rights Issue on a non-underwritten basis in view of the Irrevocable Undertakings provided by the Undertaking Parties and the savings in cost enjoyed by the Company in respect of underwriting fees.

2.7. Irrevocable Undertakings

- (a) As at the Latest Practicable Date, the number of Shares held and the proportion held in the issued share capital of the Company by each of the following Shareholders is set out against his/its name in the table below:

Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Guo Hong Xin	-	-	153,638,554 ⁽²⁾	19.31
Ma Ming			137,509,737 ⁽³⁾	17.28

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Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Allgreat Pacific Limited	82,209,983	10.33	71,428,571 ⁽⁴⁾	8.98
Claremont Consultancy Limited	66,081,166	8.30	71,428,571 ⁽⁵⁾	8.98
Sunpower Business Group Pte. Ltd.	71,428,571 ⁽⁶⁾	8.98	-	-
Lin Yucheng	100,000,000	12.57	-	-
Joyfield Group Limited	66,154,120	8.31	-	-
Pan Shuhong	19,393,198	2.44	66,154,120 ⁽⁷⁾	8.31

Notes:

- (1) Based on the Existing Share Capital of 795,686,142 Shares.
- (2) Guo Hong Xin is (i) deemed to be interested in the 82,209,983 Shares held by Allgreat Pacific Limited which is an investment holding company wholly owned by him, and (ii) deemed to be interested in the 71,428,571 Shares held by Sunpower Business Group Pte. Ltd., which is an investment holding company wholly owned by Allgreat Pacific Limited, which is in turn wholly owned by him.
- (3) Ma Ming is (i) deemed to be interested in the 66,081,166 Shares held by Claremont Consultancy Limited which is an investment holding company wholly owned by him, and (ii) deemed to be interested in the 71,428,571 Shares held by Tournan Trading Pte. Ltd., which is an investment holding company wholly owned by Claremont Consultancy Limited, which is in turn wholly owned by him.
- (4) Allgreat Pacific Limited is deemed interested in 71,428,571 Shares held by Sunpower Business Group Pte. Ltd., its wholly owned subsidiary.
- (5) Claremont Consultancy Limited is deemed interested in 71,428,571 Shares held by Tournan Trading Pte. Ltd., its wholly owned subsidiary.
- (6) Sunpower Business Group Pte. Ltd. has beneficial interest in 71,428,571 Shares. However, as at the Latest Practicable Date, only 57,428,571 Shares are recorded in its nominee account. The remaining unaccounted 14,000,000 Shares were transferred out of its nominee account to the Designated Account (as defined herein) pursuant to a loan agreement entered between Sunpower Business Group Pte. Ltd. and Tournan Trading Pte. Ltd. (as borrowers) and America 2030 Capital Limited (the "Lender") on or about 17 October 2018. Under the loan agreement, Sunpower Business Group Pte. Ltd. and Tournan Trading Pte. Ltd. had each provided the Lender 14,000,000 Shares as collateral (the "Collateral Shares") to a depository broker designated by the Lender (the "Designated Account"). Please refer to the Company's announcements dated 8 November 2018, 20 November 2018, 4 December 2018 and 17 April 2019 for further details on the Collateral Shares. As at the date of the Latest Practicable Date, the proceedings to recover the Collateral Shares are still ongoing.
- Shareholders' *pro rata* entitlements to subscribe the Convertible Bonds will be determined based on such number of Shares entered against their name in the Depository Register as at the Record Date. In the event that the Collateral Shares are not recorded against their name in the Depository Register as at Record Date, each of Sunpower Business Group Pte. Ltd. and Tournan Trading Pte. Ltd. would accordingly not be entitled to any *pro rata* entitlements to subscribe for the Convertible Bonds in respect of the Collateral Shares.
- (7) Pan Shuhong is deemed interested in 66,154,120 Shares held by Joyfield Group Limited, an entity wholly owned by her.

As at the Latest Practicable Date, none of the Shareholders above own any instruments convertible into, rights to subscribe for, or options in respect of, the Shares.

- (b) To demonstrate their support for the Rights Issue and their commitment to the Company, the Undertaking Guo Entities, Undertaking Ma Entities and Undertaking Lin and Pan Entities have each executed deeds of irrevocable undertaking dated 9 December 2024 ("**Irrevocable Undertakings**", and each an "**Irrevocable Undertaking**") in favour of the Company, pursuant to which, each of the Undertaking

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Parties (as may be applicable) has irrevocably undertaken to the Company, amongst others, that:

- (i) as at the Record Date, he/it will own, directly and/or indirectly:
 - (1) in the case of Undertaking Guo Entities and Undertaking Ma Entities, no less than the number of Shares (less the number of Collateral Shares for each of them); and
 - (2) in the case of Undertaking Lin and Pan Entities, no less than the number of Shares,set out against his/its name in the table in this paragraph 2.7(a) above (collectively, the "**Undertaken Shares**");
- (ii) he/it shall not, on or before the Record Date, sell, transfer or otherwise dispose of, any of the Undertaken Shares held by him/it or any interest therein;
- (iii) he/it shall vote and procure their nominees/proxies or relevant persons to vote, in respect of their respective Shares set out against his/its name in the table in this paragraph 2.7(a) above, in favour of the resolutions to be proposed at the SGM to be convened to approve the Rights Issue and any other matter necessary or proposed to implement or assist the implementation of the Rights Issue;
- (iv) he/it will, by way of acceptance, subscribe and pay for (or procure subscription and payment for) in full at the Issue Price, the following amounts of Convertible Bonds to be provisionally allotted to the respective Undertaking Parties:
 - (1) in the case of Undertaking Guo Entities, 10,276,247 and 7,178,571⁸ Convertible Bonds provisionally allotted to Allgreat Pacific Limited and Sunpower Business Group Pte. Ltd. respectively ("**Guo Entities Undertaken Convertible Bonds**"), amounting to a maximum aggregate value of which is S\$17,454,818;
 - (2) in the case of the Undertaking Ma Entities, 7,000,000 Convertible Bonds provisionally allotted to Claremont Consultancy Limited ("**Ma Entities Undertaken Convertible Bonds**"), amounting to a maximum aggregate value of which is S\$7,000,000, and further for the avoidance of doubt, the Undertaking Ma Entities shall not be precluded from subscribing additional Convertible Bonds provisionally allotted to them under the Rights Issue in excess of the Ma Entities Undertaken Convertible Bonds; and
 - (3) in the case of the Undertaking Lin and Pan Entities, 12,500,000, 8,269,265 and 2,424,149 Convertible Bonds provisionally allotted to Lin Yucheng, Joyfield Group Limited and Pan Shuhong respectively ("**Lin and Pan Entities Undertaken Convertible Bonds**"); and

⁸ This excludes the *pro rata* entitlements to subscribe for the Convertible Bonds in respect of the 14,000,000 Collateral Shares that Sunpower Business Group Pte. Ltd. has a beneficial interest in.

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- (v) further, in the case of the Undertaking Lin and Pan Entities, he/it will, subscribe and pay for, on a joint and several basis, at the Issue Price, all the Convertible Bonds which are not taken up by the other Shareholders who are eligible to participate in the Rights Issue or their renounees by way of acceptances and/or excess applications (subject to availability) of an aggregate value of up to S\$51,961,410 based on the Issue Price and the Maximum Rights Issue Scenario for a maximum of up to 51,961,410 Convertible Bonds to be subscribed for by way of excess application ("**Lin and Pan Entities Undertaken Excess Convertible Bonds**").

Therefore, the maximum aggregate value of Lin and Pan Entities Undertaken Convertible Bonds and the Lin and Pan Entities Undertaken Excess Convertible Bonds pursuant to the Irrevocable Undertaking given by the Undertaking Lin and Pan Entities is up to S\$75,154,824.

- (c) On the basis of the Irrevocable Undertakings, the Rights Issue will be subscribed for in full (including in the event that all ESOS Options are exercised into Shares on or prior to the Record Date).
- (d) The Irrevocable Undertakings are subject to:
- (i) the execution of the trust deed constituting the Convertible Bonds;
 - (ii) the approval in-principle of the SGX-ST for the listing of and quotation for the Conversion Shares on the Official List of the SGX-ST and not having been withdrawn or revoked on or prior to the completion of the Rights Issue;
 - (iii) the approval of the Shareholders being obtained at the SGM to be convened, for the Rights Issue, the waiver by Shareholders (excluding the BLP Concert Party Group) of their rights to receive a MGO from the BLP Concert Party Group and the potential transfer of controlling interest to BLP Capital pursuant to the conversion of the Convertible Bonds and the Irrevocable Undertaking given by the Undertaking Lin and Pan Entities;
 - (iv) the lodgement of the OIS, together with all other accompanying documents (if applicable) in connection with the Rights Issue with the Authority; and
 - (v) there being no departure of key management personnel of the Group (as identified in the Company's last annual report⁹), except with the consent of the Undertaking Parties, which shall not be required in the event of voluntary resignation, retirement pursuant to the relevant laws and regulations or death of key management personnel of the Group.

⁹ Based on the annual report of the Company for FY2023, the key management personnel of the Group are: (a) Mr. Ma Ming (Executive Director of the Group); (b) Mr. Tang Hao (Group Vice President and General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.); (c) Ms. Wang Hui (Chief Financial Officer); (d) Mr. Sha Jian Hua (Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.); (e) Mr. Xu Jun (Deputy Chief Engineer and Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.); (f) Mr. Shi Shao Lin (Group Financial Director and Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.); (g) Mr. Zheng Xiao Dong (Deputy General Manager and Director of Engineering Construction Management Department of Jiangsu Sunpower Clean Energy Co., Ltd.); and (h) Mr. Wang Ning (Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.). The condition of no departure of key management personnel of the Group under the Irrevocable Undertakings will cease upon completion of the Rights Issue.

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- (e) Each Undertaking Party has procured the delivery to the Company, SAC Capital and the SGX-ST of a confirmation from a bank that he/it has sufficient financial resources available to satisfy payment for his/its respective undertaken Convertible Bonds as described in paragraphs 2.7(b)(iv) and 2.7(b)(v) above, which in addition, shall be directed in the following manner:
 - (i) the Undertaking Guo Entities shall each direct that Guo Entities Undertaken Convertible Bonds subscribed for by him/it be directed and/or otherwise effect an immediate transfer to Chen Ping (陈萍), the spouse of Guo Hong Xin; and
 - (ii) the Undertaking Lin and Pan Entities shall each direct that all Lin and Pan Entities Undertaken Excess Convertible Bonds subscribed for by him/it by way of excess application be directed and/or otherwise effect an immediate transfer to BLP Capital. The directors of BLP Capital are Lin Yucheng and Pan Shuhong and the sole shareholder of BLP Capital is BLP Capital Limited. Each Undertaking Lin and Pan Entity confirms, represents and undertakes to the Company that BLP Capital is a wholly owned entity of BLP Capital Limited, which in turn is owned by Lin Yucheng and Pan Shuhong in the shareholding proportion of 60.0% and 40.0% respectively as of the date of its Irrevocable Undertaking and on each day thereafter, down to the Closing Date.
- (f) No commission or fee will be paid to the Undertaking Parties in connection with the provision or execution of the Irrevocable Undertakings.

2.8. Adjustment and Modification

Please refer to **Appendix B** to this Circular for an extract of the conditions relating to adjustments to the Conversion Price as specified in the Terms and Conditions.

In compliance with Rules 829 and 830 of the Listing Manual, the Terms and Conditions will provide for:

- (a) any adjustment to the Conversion Price and the number of Convertible Bonds to be announced, in the event of a rights issue, bonus issue or subdivision or consolidation of shares, and setting out in the announcement, the specific formula, whether the adjustment has been reviewed to be in accordance with the formula, the identity of the reviewer and its relationship with the Company;
- (b) the Maturity Date to be announced, and notice of Maturity Date to be sent to all Bondholders at least one (1) month before the Maturity Date; and
- (c) any material amendment to the terms of the Convertible Bonds after issuance to the advantage of the Bondholders to be approved by the Shareholders, except where the amendment is made pursuant to the Terms and Conditions.

For the avoidance of doubt, any amendment to the terms of the Convertible Bonds that is materially prejudicial to the interest of the Shareholders will be subject to approval by the Shareholders.

2.9. Shareholders' Approval for the Rights Issue

Under Rule 805(1) of the Listing Manual, the Company must obtain the prior approval from the Shareholders in a general meeting for the issue of convertible securities except where a general mandate for such issue has been previously obtained from the Shareholders in a general meeting.

The Company will not be relying on its existing general share issue mandate approved by the Shareholders by way of an ordinary resolution at the annual general meeting of the Company held on 25 April 2024 for the allotment and issue of the Conversion Shares. The Rights Issue will be made pursuant to a specific mandate in accordance with Rule 805(1) of the Listing Manual.

Accordingly, the Company is seeking approval from Shareholders for the Rights Issue ("**Rights Issue Resolution**") and the allotment and issue of Conversion Shares pursuant thereto at the SGM.

2.10. Eligibility to Participate

(a) Entitled Depositors

Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts ("**Securities Accounts**") with CDP as at the Record Date and whose registered addresses with CDP are in Singapore as at the Record Date or who have, at least three (3) market days prior to the Record Date, provided CDP with addresses in Singapore for the service of notices and documents. Entitled Depositors should note that all notices and documents will be sent to their last registered addresses with CDP.

Entitled Depositors are reminded that any request to CDP to update their records or to effect any change in address must reach CDP at 2 Shenton Way, #02-02, SGX Centre 1, Singapore 068804, at least three (3) market days before the Record Date.

(b) Entitled Scripholders

Entitled Scripholders are Shareholders whose share certificates have not been deposited with CDP as well as transferees who have tendered to the Share Registrar, registrable transfers of their Shares and the certificates relating thereto for registration up to the Record Date and whose registered addresses with the Company are in Singapore as at the Record Date or who have, at least three (3) market days prior to the Record Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents. Owners of beneficial interests in Convertible Bonds represented by a global certificate registered in the name of, and deposited with, CDP will not be entitled to receive definitive security certificates in respect of their individual holdings of Convertible Bonds, except in limited circumstances in the event that (i) an Event of Default (as defined in the Terms and Conditions) or analogous event entitling an Accountholder or the Trustee to declare the Convertible Bonds to be due and payable as provided in the Terms and Conditions has occurred and is continuing, (ii) the CDP is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (iii) the CDP has announced an intention to permanently cease business and no alternative clearing system is available or (iv) the CDP has notified the Company that it is unable or unwilling to act as depository for the Convertible Bonds and to continue performing its duties set out in the depository agreement between the Company and the CDP and no alternative clearing system is

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available. Accordingly, Entitled Scripholders who wish to participate in the Rights Issue must open Securities Accounts if they have not already done so and deposit their share certificates with CDP prior to the Record Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of Convertible Bonds. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the 12th market day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine. Entitled Scripholders should note that all correspondences and notices will be sent to their last registered Singapore mailing addresses with the Share Registrar. Entitled Scripholders are reminded that any request to the Share Registrar to update their records or effect any change in address must reach the Share Registrar, In.Corp Corporate Services Pte. Ltd., at 36 Robinson Road #20-01 City House Singapore 068877, at least three (3) market days before the Record Date.

(c) **Entitled Shareholders**

Entitled Shareholders will be eligible to participate in the Rights Issue and to receive the OIS together with the ARE or the PAL, as the case may be, and other accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive the OIS, the Product Highlights Sheet and the ARE may obtain them from CDP or the Share Registrar during the period from the date the Rights Issue commences up to the Closing Date. Entitled Scripholders who do not receive the OIS, the Product Highlights Sheet and the PAL for the Rights Issue may obtain them from the Share Registrar during the period from the date the Rights Issue commences up to the Closing Date.

Entitled Shareholders will be provisionally allotted entitlements to the Convertible Bonds under the Rights Issue on the basis of their shareholdings in the Company as at the Record Date. They are at liberty to accept (in full or in part), decline, renounce (in the case of their provisional allotment of Convertible Bonds) or, in the case of Entitled Depositors only, trade on the SGX-ST under the book-entry (scripless) settlement system (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of Convertible Bonds, and are eligible to apply for additional Convertible Bonds in excess of their provisional allotments under the Rights Issue. All dealings in and transactions (including transfers) of the Convertible Bonds effected through the SGX-ST and/or CDP shall be made in accordance with the "*Terms and Conditions for Operation of Securities Account with The Central Depository (Pte) Limited*" and the terms and conditions contained in the CDP Application Form, as the same may be amended from time to time, copies of which are available from CDP. The Convertible Bonds may also be traded over-the-counter on the Debt Securities Clearing and Settlement System and will be cleared through CDP.

All fractional entitlements to the Convertible Bonds will be disregarded in arriving at the provisional allotments of Entitled Shareholders and will, together with provisional allotments which are not taken up for any reason, be used to satisfy applications for excess Convertible Bonds or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

The procedures for, and the terms and conditions applicable to, acceptance, excess application and payment will be set out in the OIS and the accompanying documents to be despatched by the Company to Entitled Shareholders in due course.

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(d) **CPF Investment Scheme**

As the Shares are not registered under the Central Provident Fund Investment Scheme, monies in their Central Provident Fund account cannot be used for the payment of the Issue Price to subscribe for their provisional allotments of Nil-Paid Rights and (if applicable) to apply for excess Convertible Bonds.

(e) **Supplementary Retirement Scheme**

SRS Members who have previously purchased Shares using their SRS Funds, subject to applicable SRS rules and regulations, may use their SRS Funds for the payment of the Issue Price to subscribe for their provisional allotments of Nil-Paid Rights and (if applicable) to apply for excess Convertible Bonds. SRS Members must instruct their SRS Approved Banks, to accept the provisional allotments of Nil-Paid Rights and (if applicable) apply for excess Convertible Bonds on their behalf in accordance with the terms and conditions in the OIS. Subject to applicable SRS rules and regulations, the Convertible Bonds applied using SRS Funds may not be traded over-the-counter on the Debt Securities Clearing and Settlement System.

In the case of insufficient SRS Funds, subject to the SRS contribution cap, SRS Members may deposit cash into their SRS accounts with their respective SRS Approved Banks before instructing their respective SRS Approved Banks to accept their provisional allotments of the Convertible Bonds and (if applicable) apply for excess Convertible Bonds. SRS Members are advised to provide their respective SRS Approved Banks with the appropriate instructions no later than the deadlines set by their respective SRS Approved Banks in order for their respective SRS Approved Banks to make the relevant acceptance and (if applicable) application on their behalf by the Closing Date.

SRS Funds may not, however, be used for the purchase of the provisional allotments of Nil-Paid Rights and (if applicable) application for excess Convertible Bonds directly from the market. Any acceptance of provisional allotments of the Convertible Bonds and (if applicable) application for excess Convertible Bonds directly to CDP, the Singapore Share Transfer Agent, the Company, or by way of Electronic Applications will be rejected.

(f) **Foreign Shareholders**

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the provisional allotments of Convertible Bonds and the Convertible Bonds will not be offered to Foreign Shareholders. No provisional allotment of Convertible Bonds or Convertible Bonds will be offered to Foreign Shareholders and no purported acceptance or application for Convertible Bonds by Foreign Shareholders will be valid. Foreign Shareholders who wish to participate in the Rights Issue should seek their own legal advice prior to informing the Company of their interest to participate in the Rights Issue. The Company may, in its sole discretion, permit participation in the Rights Issue by certain Foreign Shareholders in certain jurisdictions, subject in all cases to compliance with applicable laws in the relevant jurisdictions.

If it is practicable to do so, arrangements may, at the absolute discretion of the Company, be made for the entitlements to Convertible Bonds which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of

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Convertible Bonds commence. Such sales will, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales after taking into account expenses to be incurred in relation thereto. The net proceeds arising from such sales will be dealt with in the manner described in the OIS.

Where such provisional allotments of Convertible Bonds are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder or persons acting to the account or benefit of any such person shall have any claim whatsoever against the Company, CDP, the Share Registrar and/or their respective officers in respect of such sales or the proceeds thereof, the provisional allotments or the Convertible Bonds represented by such provisional allotments.

If such provisional allotments of Convertible Bonds cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading of the provisional allotments of Convertible Bonds, the Convertible Bonds represented by such provisional allotments will be issued to satisfy applications for excess Convertible Bonds (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Foreign Shareholder or persons acting to the account or benefit of any such person shall have any claim whatsoever against the Company, CDP, the Share Registrar and/or their respective officers in connection therewith.

2.11. Offer Information Statement

The OIS will be despatched or, as the case may be, disseminated by the Company to Entitled Shareholders subject to, amongst others, the approval of the Shareholders for the Rights Issue being obtained at the SGM. Acceptances and applications under the Rights Issue can be made on the following (all of which will form part of the OIS):

- (a) the PAL, in the case of Entitled Scripholders;
- (b) the ARE, in the case of Entitled Depositors;
- (c) the ARS, in the case of persons purchasing provisional allotments of Convertible Bonds through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore; and
- (d) the ATMs of the Participating Banks, providing electronic applications through such ATMs, in the case of Entitled Shareholders or their renounees or Purchasers.

The procedures for, and the terms and conditions applicable to, the acceptances, the renunciations and/or sales of the provisional allotments of Convertible Bonds and for the excess applications for Convertible Bonds pursuant to the Rights Issue, including the different modes of acceptance or application and payment, will be set out in the OIS.

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2.12. Approval in-principle

The Company announced on 5 February 2025 that the SGX-ST had granted approval in-principle of the SGX-ST for the listing of and quotation for the Convertible Bonds and the Conversion Shares on the Official List of the SGX-ST on 4 February 2025, subject to the following conditions:

- (a) Shareholders' approval for the proposed Rights Issue obtained at the SGM to be convened;
- (b) compliance with the SGX-ST's listing requirements for the Rights Issue;
- (c) announcement of the conditions under which the Conversion Price may be adjusted and the conditions under which the Convertible Bonds may be redeemed; and
- (d) submission of the following:
 - (i) a written undertaking from the Company that it will comply with Rule 704(30), Rule 877(8) and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the proposed Rights Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
 - (ii) a written confirmation from the Company that the terms of the Convertible Bonds comply with Rule 829 of the Listing Manual;
 - (iii) a written undertaking from the Company that Rules 820 and 830 of the Listing Manual will be complied with (including a written undertaking from the Company to announce any adjustments made pursuant to the Terms and Conditions of the Convertible Bonds);
 - (iv) a written undertaking from the Company that it will comply with Rule 877(10) of the Listing Manual with regard to the allotment of any excess Convertible Bonds;
 - (v) a written confirmation from financial institution(s) as required under Rule 877(9) of the Listing Manual that the Undertaking Parties who have given the Irrevocable Undertakings have sufficient financial resources to fulfil their obligations under their respective Irrevocable Undertaking; and
 - (vi) a written confirmation from the Company that there is a satisfactory spread of holders of the Convertible Bonds to provide an orderly market for the Convertible Bonds, in compliance with Rule 826 of the Listing Manual.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed, or reports contained in this Circular. Approval in-principle granted by the SGX-ST for the listing and quotation of the Convertible Bonds and the Conversion Shares is not to be taken as an indication of the merits of the Convertible Bonds, the Conversion Shares, the Rights Issue, the Company and/or its subsidiaries.

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2.13. Notification under Section 309B of the SFA

The provisional allotments of Convertible Bonds as well as the Convertible Bonds and the Conversion Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

3. PROPOSED WHITEWASH RESOLUTION

3.1. Interest of the BLP Concert Party Group

As at the Latest Practicable Date, the shareholding interests of the BLP Concert Party Group are as follows:

	Number of Shares Held	% of issued Share Capital ⁽¹⁾
Lin Yucheng	100,000,000	12.57
Joyfield Group Limited	66,154,120	8.31
Pan Shuhong	19,393,198	2.44
BLP Capital (Singapore) Pte. Ltd.	-	-
Aggregate	185,547,318	23.32

Note:

(1) Based on the Existing Share Capital of 795,686,142 Shares.

As at the Latest Practicable Date, the BLP Concert Party Group does not hold any instruments convertible into rights to subscribe for and options in respect of Shares.

3.2. Take-over Implications

The Code regulates the acquisition of voting shares of, among others, corporations with a primary listing on the SGX-ST, including the Company. Under Rule 14.1 of the Code, except with the consent of the SIC, where:

- (a) any person acquires whether by a series of transactions over a period of time or not, Shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of the Company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional Shares carrying more than 1.0% of the voting rights,

such person must extend a take-over offer immediately to the Shareholders for the remaining shares in the Company in accordance with the provisions of the Code. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

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In general, the acquisition of instruments convertible into new shares which carry voting rights does not give rise to an obligation to make a MGO under the Code. However, the exercise of any conversion rights will be considered to be an acquisition of voting rights for the purpose of the Code (including Rule 14.1 of the Code).

Pursuant to the Irrevocable Undertakings, the Undertaking Parties will subscribe for and pay for his/its respective undertaken Convertible Bonds in accordance with paragraphs 2.7(b)(iv), 2.7(b)(v) and 2.7(e) of this Circular. Depending on the Shareholders' eventual subscription for the Convertible Bonds, the shareholding interest of the Undertaking Parties on an as-converted basis, may change in the manner as set out below:

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	Before Rights Issue		After Rights Issue ⁽¹⁾		After Rights Issue ⁽²⁾		After Rights Issue ⁽²⁾			
			Minimum Rights Issue Scenario	Maximum Rights Issue Scenario	Minimum Rights Issue Scenario	Maximum Rights Issue Scenario	Minimum Rights Issue Scenario	Maximum Rights Issue Scenario		
	Number of Shares Held	% ⁽³⁾	Number of Shares Held	% ⁽⁴⁾	Number of Shares Held	% ⁽⁵⁾	Number of Shares Held	% ⁽⁴⁾	Number of Shares Held	% ⁽⁵⁾
<u>Undertaking Guo Entities</u>										
Allgreat Pacific Limited	82,209,983	10.33	82,209,983	6.89	82,209,983	6.88	82,209,983	6.89	82,209,983	6.88
Sunpower Business Group Pte. Ltd.	71,428,571	8.98	71,428,571	5.98	71,428,571	5.98	71,428,571	5.98	71,428,571	5.98
Chen Ping (陈萍)	-	-	69,819,272	5.85	69,819,272	5.84	69,819,272	5.85	69,819,272	5.84
Aggregate	153,638,554	19.31	223,457,826	18.72	223,457,826	18.69	223,457,826	18.72	223,457,826	18.69
<u>Undertaking Ma Entities</u>										
Claremont Consultancy Limited	66,081,166	8.30	94,081,166	7.88	94,081,166	7.87	99,121,746	8.30	99,121,746	8.29
Aggregate	66,081,166	8.30	94,081,166	7.88	94,081,166	7.87	99,121,746	8.30	99,121,746	8.29
<u>BLP Concert Party Group</u>										
Lin Yucheng	100,000,000	12.57	150,000,000	12.57	150,000,000	12.55	150,000,000	12.57	150,000,000	12.55
Joyfield Group Limited	66,154,120	8.31	99,231,180	8.31	99,231,180	8.30	99,231,180	8.31	99,231,180	8.30

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	Before Rights Issue		After Rights Issue ⁽¹⁾		After Rights Issue ⁽¹⁾		After Rights Issue ⁽²⁾		After Rights Issue ⁽²⁾	
			Minimum Rights Issue Scenario	Maximum Rights Issue Scenario	Minimum Rights Issue Scenario	Maximum Rights Issue Scenario	Minimum Rights Issue Scenario	Maximum Rights Issue Scenario	Minimum Rights Issue Scenario	Maximum Rights Issue Scenario
	Number of Shares Held	% ⁽³⁾	Number of Shares Held	% ⁽⁴⁾	Number of Shares Held	% ⁽⁵⁾	Number of Shares Held	% ⁽⁴⁾	Number of Shares Held	% ⁽⁵⁾
Pan Shuhong	19,393,198	2.44	29,089,794	2.44	29,089,794	2.43	29,089,794	2.44	29,089,794	2.43
BLP Capital	-	-	207,250,140	17.36	207,845,640	17.39	14,000,000 ⁽⁶⁾	1.17	14,000,000 ⁽⁶⁾	1.17
Aggregate	185,547,318	23.32	485,571,114	40.68	486,166,614	40.67	292,320,974	24.49	292,320,974	24.46
<u>Other Shareholders</u>										
Shareholders (other than the Undertaking Parties)	390,419,104 ⁽⁷⁾	49.07	390,419,104 ⁽⁸⁾	32.71	391,610,104 ⁽⁷⁾	32.76	578,628,664 ⁽⁸⁾	48.48	580,415,164 ⁽⁷⁾	48.56
Total	795,686,142	100.00	1,193,529,210	100.00	1,195,315,710	100.00	1,193,529,210	100.00	1,195,315,710	100.00

Notes:

- (1) Assumes no other Shareholder (other than the Undertaking Parties) subscribes for the Convertible Bonds and the Undertaking Parties subscribe for such number of undertaken Convertible Bonds in accordance with their respective Irrevocable Undertakings as set out in paragraphs 2.7(b)(iv), 2.7(b)(v) and 2.7(e) of this Circular. The number of Shares held and percentage of issued share capital are computed on the basis that the Convertible Bonds have been fully converted into Shares.
- (2) Assumes all Shareholders (including Claremont Consultancy Limited and Tournan Trading Pte. Ltd.) subscribes for their full *pro rata* entitlements to the Convertible Bonds and the Guo Entities Undertaken Convertible Bonds are directed to Chen Ping (陈萍) in accordance with the Irrevocable Undertaking provided by the Undertaking Guo Entities as set out in paragraph 2.7(e) of this Circular. The number of Shares held and percentage of issued share capital are computed on basis the Convertible Bonds have been fully converted into Shares.
- (3) Based on the Existing Share Capital of 795,686,142 Shares.
- (4) Based on the Enlarged Issued Share Capital of the Company of 1,193,529,210 Shares, after conversion of all Convertible Bonds into 397,843,068 Shares and assuming that the 1,191,000 outstanding ESOS Options are not exercised on or prior to the Record Date.

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- (5) Based on the Enlarged Issued Share Capital of the Company of 1,195,315,710 Shares, after conversion of all Convertible Bonds into 398,438,568 Shares and assuming that the 1,191,000 outstanding ESOS Options are exercised on or prior to the Record Date.
- (6) Assumes that the Collateral Shares are not recorded against the name of each of Sunpower Business Group Pte. Ltd. and Tournan Trading Pte. Ltd. in the Depository Register as at Record Date and the *pro rata* entitlements of the Collateral Shares are not subscribed for, which in turn will be subscribed for by BLP Capital pursuant to the Irrevocable Undertaking as set out in paragraph 2.7(b)(v) of this Circular^{2.7(a)} of this Circular for further details.
- (7) This includes the 71,428,571 Shares held by Tournan Trading Pte. Ltd., which is an investment holding company wholly owned by Claremont Consultancy Limited, which is in turn wholly owned by Ma Ming. Tournan Trading Pte. Ltd. is not an Undertaking Ma Entity.
- (8) This includes the 71,428,571 Shares held by Tournan Trading Pte. Ltd., and assuming after the conversion of its *pro rata* entitlements of the Convertible Bonds into 28,714,284 Shares. Tournan Trading Pte. Ltd. is not an Undertaking Ma Entity.

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As shown above, in the event that no Shareholder (other than the Undertaking Parties) subscribes for the Convertible Bonds and the Undertaking Parties subscribe for such number of undertaken Convertible Bonds in accordance with their respective Irrevocable Undertakings as set out in paragraphs 2.7(b)(iv), 2.7(b)(v) and 2.7(e) of this Circular, the fulfilment by the Undertaking Lin and Pan Entities of their obligations under its Irrevocable Undertaking may result in BLP Capital acquiring Convertible Bonds which, upon conversion into Conversion Shares, may result in the BLP Concert Party Group increasing its shareholding to 30% or more of the Enlarged Issued Share Capital. In such event, the BLP Concert Party Group would incur an obligation to make a MGO for Shares not already owned by the BLP Concert Party Group under Rule 14.1 of the Code.

Accordingly, an application was made to the SIC for a waiver of the obligation by the BLP Concert Party Group to make a MGO in accordance with Rule 14.1 of the Code in the event that their aggregate voting rights in the Company increases to 30% or more of the total voting rights in the Company based on Enlarged Issued Share Capital, and subsequently by more than 1.0% in any six (6) month period, arising from the allotment and issuance of Conversion Shares to the BLP Concert Party Group following the exercise of the Conversion Right in accordance the Terms and Conditions of the Convertible Bonds subscribed pursuant to the Irrevocable Undertaking given by the Undertaking Lin and Pan Entities.

3.3. Whitewash Waiver

On 8 January 2025, the SIC granted the waiver (the "**Whitewash Waiver**") for the BLP Concert Party Group to make a MGO in accordance with Rule 14 of the Code in the event the BLP Concert Party Group increases its aggregate shareholding in the Company to 30% or more of the total voting rights in the Company based on the Enlarged Issued Share Capital as a result of the allotment and issuance of Conversion Shares to the BLP Concert Party Group and subsequently by more than 1.0% in any six (6) month period following the exercise of the Conversion Right in accordance the Terms and Conditions of the Convertible Bonds subscribed for pursuant to the Irrevocable Undertaking given by the Undertaking Lin and Pan Entities, subject to the satisfaction of, amongst others, the following conditions:

- (a) a majority of holders of voting rights of the Company present and voting at a general meeting held before the Rights Issue, approve by way of a poll, the Whitewash Resolution to waive their rights to receive a MGO from the BLP Concert Party Group;
- (b) the Whitewash Resolution is separate from other resolutions relating to the Rights Issue at the SGM;
- (c) the BLP Concert Party Group, parties acting in concert with the BLP Concert Party Group as well as parties not independent of the BLP Concert Party Group abstain from voting on the Whitewash Resolution;
- (d) each BLP Concert Party Group member and its concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which are to be disclosed in this Circular):
 - (i) during the period between the date of the Announcement and the date shareholders' approval is obtained for the Whitewash Resolution; and
 - (ii) in the six (6) months prior to the date of the Announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to such Rights Issue;

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- (e) the Company appoints an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution;
- (f) this Circular sets out clearly:
 - (i) details of the Rights Issue;
 - (ii) the possible dilution effect existing holders of voting rights as result of the BLP Concert Party Group converting the Convertible Bonds acquired under the Rights Issue;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by each BLP Concert Party Group member and its concert parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights to be issued to the BLP Concert Party Group as result of their conversion of the Convertible Bonds acquired under the Rights Issue;
 - (v) that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the BLP Concert Party Group at the highest price paid by the BLP Concert Party Group and its concert parties for Shares in the past six (6) months preceding the date of the Announcement, and a specific and prominent reference should be made to this fact; and
 - (vi) that Shareholders by voting for the Whitewash Resolution, could be foregoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Convertible Bonds, and a specific and prominent reference should be made to this fact;
- (g) this Circular states that the Whitewash Waiver granted by the SIC to the BLP Concert Party Group from the requirement to make a MGO under Rule 14 of the Code is subject to the conditions stated in sub-paragraphs (a) to (f) above;
- (h) the Company obtains SIC's approval in advance for those parts of this Circular which refer to the Whitewash Resolution;
- (i) to rely on the Whitewash Resolution, the acquisition by the BLP Concert Party Group of Convertible Bonds under the Rights Issue must be completed within three (3) months of date of approval of the Whitewash Resolution, and the acquisition of Conversion Shares upon conversion of the Convertible Bonds must be completed within five (5) years of the issue of the Convertible Bonds; and
- (j) the BLP Concert Party Group will comply or procure the relevant person(s) to comply with the disclosure requirements set out in Note 2 on Section 2 of Appendix 1 of the Code,

(collectively, the "**SIC Conditions**").

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3.4. Potential Dilution

As a result of the Rights Issue and the Irrevocable Undertakings, the collective shareholding interests of Shareholders (other than the BLP Concert Party Group) may be diluted as set out below in the event that no other Shareholder (other than the Undertaking Parties) subscribes for the Convertible Bonds:

- (a) assuming the Maximum Rights Issue Scenario, from 76.68% to approximately 59.33% based on the Enlarged Issued Share Capital of 1,195,315,710 Shares on an as-converted basis; whereas
- (b) assuming the Minimum Rights Issue Scenario, from 76.68% to approximately 59.32% based on the Enlarged Issued Share Capital of 1,193,529,210 Shares on an as-converted basis.

Further details of the potential dilution are set out in paragraph 3.2 of this Circular.

3.5. Whitewash Resolution

Independent Shareholders are requested to vote by way of a poll, on the Whitewash Resolution (Ordinary Resolution 2) set out in the Notice of SGM, waiving their rights to receive a MGO from the BLP Concert Party Group in accordance with Rule 14 of the Code in the event the BLP Concert Party Group increases its aggregate shareholding in the Company to 30% or more of the total voting rights in the Company based on the Enlarged Issued Share Capital and subsequently by more than 1.0% in any six (6) month period as a result of the allotment and issuance of Conversion Shares to the BLP Concert Party Group following the exercise of the Conversion Right in accordance the Terms and Conditions of the Convertible Bonds subscribed for pursuant to the Irrevocable Undertaking given by the Undertaking Lin and Pan Entities.

In accordance with the conditions imposed by the SIC as described in paragraph 3.3 of this Circular, each of Lin Yucheng, Joyfield Group Limited and Pan Shuhong and any party not independent of the BLP Concert Party Group will abstain from voting on the Whitewash Resolution.

Depending on the level of subscription for the Convertible Bonds, the Company may, if necessary, scale down the subscription and/or excess applications for the Convertible Bonds by any Shareholder (if such Shareholder chooses to subscribe for such Shareholder's *pro rata* Convertible Bonds entitlement and/or apply for excess Convertible Bonds) to avoid placing such Shareholder and/or parties acting in concert with it (as defined in the Code) in the position of incurring an obligation to make a MGO under the Code as a result of other Entitled Shareholders not taking up, whether partly or in full, their provisional allotments of the Convertible Bonds.

In particular, in the event that the Whitewash Resolution is not approved at the SGM, the Company may, if necessary, scale down the subscription and/or excess applications for the Convertible Bonds by the Undertaking Lin and Pan Entities to avoid placing the BLP Concert Party Group in the position of incurring an obligation to make a MGO under the Code as a result of other Entitled Shareholders not taking up, whether partly or in full, their provisional allotments of the Convertible Bonds.

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3.6. Advice to Independent Shareholders

Independent Shareholders should note that:

- (a) by voting for the Whitewash Resolution, they will be waiving their rights to receive a general offer from the BLP Concert Party Group at the highest price paid by the BLP Concert Party Group and its concert parties for Shares in the past six (6) months preceding the date of the Announcement which they would have otherwise been obliged to make for the Shares pursuant to Rule 14 of the Code;
- (b) as the Whitewash Resolution involves Convertible Bonds, by voting for the Whitewash Resolution, they could be foregoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Convertible Bonds; and
- (c) the subscription by the Undertaking Lin and Pan Entities of their provisional allotments of Convertible Bonds under the Rights Issue and the Lin and Pan Entities Undertaken Excess Convertible Bonds may result in the BLP Concert Party Group becoming the single largest Shareholder holding approximately 40.67% of the total voting rights in the Company in the Maximum Rights Issue Scenario and approximately 40.68% of the total voting rights in the Company in the Minimum Rights Issue Scenario based on the Enlarged Issued Share Capital and may have overall control of the operations of the Group.

3.7. Advice from the Independent Financial Adviser

Xandar Capital has been appointed as the independent financial adviser pursuant to the Code as well as to advise the Independent Directors for the purposes of making the recommendation to Independent Shareholders in relation to the Whitewash Resolution.

The IFA Letter, setting out the IFA's advice in full, is reproduced in **Appendix C** of this Circular.

The following is an extract from Section 7 of the IFA Letter to the Independent Directors and should be read in conjunction with, and in the full context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

"Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Whitewash Resolution. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety. We summarise the factors below.

On the "fairness" of the Rights Issue

- (a) *the Rights Issue will be offered to Entitled Shareholders on a pro rata basis as set out in paragraph 6.1 of the IFA Letter. Similarly, the proforma financial effects highlighted in paragraph 6.6 of the IFA Letter will be the same assuming all Entitled Shareholders subscribe for their pro rata entitlements of the Convertible Bonds under the Rights Issue and exercise their rights to convert the Convertible Bonds to Conversion Shares;*

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- (b) *save for the slightly higher coupon rate, the terms of the Rights Issue are generally in line with most of the Precedent Rights Issues of Convertible Securities set out in paragraph 6.2.1 of this IFA Letter. As mentioned in paragraph 6.2.1(c) of this IFA Letter, Independent Shareholders should also note that the coupon per annum of the Convertible Bonds is lower than those of the Existing Bonds as set out in paragraph 6.1 of this IFA Letter;*
- (c) *although the Conversion Price represents a discount of S\$0.21 cents (or 45.55%) to the NAV per Share or a P/NAV ratio of 0.54 times, the Group had net tangible liabilities as at 30 September 2024 as set out in paragraph 6.3(b) of this IFA Letter;*
- (d) *the highest discount of the Conversion Price to the VWAPs of the Shares for the periods prior to and including the Last Trading Day is 19.87% as set out in paragraph 6.5.1 of this IFA Letter, and are within the discounts to closing prices of the Recent Rights Issues set out in paragraph 6.5.2 of this IFA Letter. The discount to closing price, discount to theoretical ex-conversion price and discount to NAV per Share represented by the Conversion Price are also within the range of statistics of the Recent Rights Issues set out in paragraph 6.5.2 of this IFA Letter;*
- (e) *while the EV/EBITDA ratio of the Group represented by the Conversion Price is below the range of the Comparable Companies, the P/E ratio of the Group represented by the Conversion Price is within the range and higher than the mean and median P/E ratios of the Comparable Companies set out in paragraph 6.5.3 of this IFA Letter. It should also be noted that the Group's gearing ratio is at the higher range of the Comparable Companies; and*
- (f) *the P/NAV ratio of the Group represented by the Conversion Price is higher than the mean and median P/NAV ratios of the Comparable Companies set out in paragraph 6.5.3 of this IFA Letter.*

On the "reasonableness" of the Rights Issue

- (i) *the proceeds from the Rights Issue will be utilised to partially redeem the Existing Bonds which will be subject to a higher coupon rate if the Existing Bondholders elect not to convert their Existing Bonds at maturity and the Company is unable to redeem the Existing Bonds in full in April 2025;*
- (ii) *the Group had negative working capital and high gearing ratio as at 30 September 2024 set out in paragraph 6.3 of this IFA Letter;*
- (iii) *as at 30 September 2024, the cash and cash equivalents of the Group is not sufficient for the repayment of the remaining balance of the Existing Bonds which amounted to US\$83.58 million as at the Latest Practicable Date in the event that the Existing Bondholders elect not to convert their Existing Bonds at maturity set out in paragraph 6.4 of this IFA Letter; and*
- (iv) *other considerations set out in paragraph 6.7 of this IFA Letter.*

Accordingly, after taking into account the above factors and based on the information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the terms and conditions of the Rights Issue and the Convertible Bonds, being the subject of the Whitewash Resolution, are fair and reasonable. We therefore advise the Independent Directors to recommend that Independent Shareholders vote FOR the Whitewash Resolution at the SGM."

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Shareholders are advised to read and consider the IFA Letter in its entirety as reproduced in Appendix C of this Circular and consider carefully the recommendations of the Independent Directors for the Whitewash Resolution set out in Section 10 of this Circular.

4. PROPOSED POTENTIAL TRANSFER OF CONTROLLING INTEREST

Rule 803 of the Listing Manual provides that an issuer must not issue securities to transfer a controlling interest without prior approval by its shareholders in a general meeting. Under the Listing Manual, a controlling shareholder is a person who (a) holds directly or indirectly 15% or more of the total voting rights in the Company, or (b) in fact exercises control over the Company.

As at the Latest Practicable Date, BLP Capital does not hold any Shares. Pursuant to the Irrevocable Undertaking given by the Undertaking Lin and Pan Entities, each of the Undertaking Lin and Pan Entities had irrevocably undertaken to the Company that he/it will subscribe for all the Convertible Bonds which are not taken up by the other Shareholders by way of acceptances and/or excess applications, and shall direct that all Lin and Pan Entities Undertaken Excess Convertible Bonds subscribed by him/it be directed and/or otherwise transferred to BLP Capital.

Assuming that no other Shareholder (other than the Undertaking Parties, in accordance with their respective Irrevocable Undertakings) subscribes for the Convertible Bonds and BLP Capital subscribes for and converts all of the Lin and Pan Entities Undertaken Excess Convertible Bonds at the Conversion Price:

- (a) in the Maximum Rights Issue Scenario, BLP Capital will be issued 207,845,640 Conversion Shares after conversion, which will in turn represent approximately 17.39% of total voting rights based on the Enlarged Issued Share Capital of 1,195,315,710 Shares; whereas
- (b) in the Minimum Rights Issue Scenario, BLP Capital will be issued 207,250,140 Conversion Shares after conversion, which will in turn represent approximately 17.36% of total voting rights based on the Enlarged Issued Share Capital of 1,193,529,210 Shares.

Conversion of the Convertible Bonds into Conversion Shares amounting to 15% or more of the total voting rights in the Company will cause a transfer of controlling interest in the Company. Accordingly, the Company is seeking the approval from the Shareholders for the potential transfer of controlling interest in the Company in the event that BLP Capital is issued Conversion Shares amounting to 15% or more of the total voting rights based on the Enlarged Issued Share Capital (the "**Transfer Resolution**").

Please refer to paragraph 8.3 of this Circular for the change in shareholding interests of the Directors and Substantial Shareholders pursuant to the Proposed Transactions.

Shareholders should note that a potential transfer of controlling interest in the Company may arise only in the event that the Convertible Bonds are converted such that BLP Capital is issued Conversion Shares amounting to 15% or more of the total voting rights in the Company based on the Enlarged Issued Share Capital, as described above.

Depending on the level of subscription for the Convertible Bonds, the Company may, if necessary, scale down the subscription and/or excess applications for the Convertible Bonds by any Shareholder (if such Shareholder chooses to subscribe for such Shareholder's *pro rata* Convertible Bonds entitlement and/or apply for excess Convertible

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Bonds) to avoid the transfer of a controlling interest in the Company, which is prohibited under Rule 803 of the Listing Manual without prior approval of Shareholders obtained in a general meeting.

In particular, in the event that the Transfer Resolution is not approved at the SGM, the Company may, if necessary, scale down the subscription and/or excess applications for the Convertible Bonds by the Undertaking Lin and Pan Entities, such that the number of Convertible Bonds directed and/or otherwise transferred to BLP Capital which may be convertible to Conversion Shares will not result in it holding more than 15% of the total voting rights in the Company based on the Enlarged Issued Share Capital.

5. FINANCIAL EFFECTS

The pro forma financial effects immediately upon the completion of the Rights Issue, and assuming the full conversion of Convertible Bonds into Conversion Shares as presented herein:

- (a) are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Group immediately after the completion of the Rights Issue and conversion of Convertible Bonds into Conversion Shares. There is no assurance that the Rights Issue will be successful or will take place, or that a full conversion of the Convertible Bonds will take place. These Proposed Transactions are for indicative purposes only and does not represent an exhaustive list of all potential corporate actions that the Company may take to raise funds;
- (b) are based on the audited financial statements of the Group for FY2023 and the unaudited consolidated financial statements of the Group for 9M2024 (as the case may be);
- (c) assume that the Convertible Bonds, or as the case may be, the Conversion Shares had been issued, in respect on the balance sheet of the Group on 31 December 2023 and 30 September 2024 (as the case may be);
- (d) assume that 398,438,568 Conversion Shares are allotted and issued upon conversion of all the Convertible Bonds under the Maximum Rights Issue Scenario;
- (e) assume that the Conversion Price will be S\$0.25 with no adjustments;
- (f) assume Net Proceeds of approximately S\$98.51 million from the issue of the Convertible Bonds under the Maximum Rights Issue Scenario, after deducting estimated expenses incurred in connection with the Rights Issue of approximately S\$1.1 million;
- (g) assume there is no return earned from the Net Proceeds and no payment of interest on the Convertible Bonds;
- (h) assume that the convertible bond liability is computed assuming no fair value adjustments relating to the Convertible Bonds, redemption option and conversion option; and
- (i) do not take into account any theoretical ex-rights adjustment factor.

LETTER TO SHAREHOLDERS

5.1. Share Capital

It should be noted that the issue of the Convertible Bonds will not have an effect on the issued share capital of the Company unless and until the Convertible Bonds are converted into Conversion Shares. The effect of the conversion of the Convertible Bonds on the issued share capital of the Company as at 31 December 2023 and as at 30 September 2024 is expected to be as follows:

	No of Shares ⁽¹⁾	Issued Share Capital (USD)
As at 31 December 2023	795,686,142	7,956,861
Add: Shares to be issued assuming the exercise of ESOS Options	1,191,000	205,616 ⁽²⁾⁽³⁾
Add: Conversion Shares to be issued assuming the conversion of all the Convertible Bonds	398,438,568	75,623,839 ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾
Adjusted as at 31 December 2023	1,195,315,710	83,786,316
As at 30 September 2024	795,686,142	7,956,861
Add: Shares to be issued assuming the exercise of ESOS Options	1,191,000	212,344 ⁽²⁾⁽³⁾
Add: Conversion Shares to be issued assuming the conversion of all the Convertible Bonds	398,438,568	77,799,688 ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾
Adjusted as at 30 September 2024	1,195,315,710	85,968,893

Notes:

- (1) Based on the number of Shares issued and outstanding as at 31 December 2023 and as at 30 September 2024.
- (2) Assuming that 1,191,000 Shares are issued pursuant to the exercise of ESOS Options, net of the share option reserve recorded as at 31 December 2023 and 30 September 2024 (as the case may be).
- (3) Based on the exchange rate of USD0.7592:SGD1.0 and RMB7.0827:USD1.0 as at 31 December 2023, and USD0.7810:SGD1.0 and RMB7.0074:USD1.0 as at 30 September 2024.
- (4) Assuming Net Proceeds of approximately S\$98.51 million from the issue of the Convertible Bonds, after deducting estimated expenses incurred in connection with the Rights Issue of approximately S\$1.1 million, and that all of the expenses of the Rights Issue are capitalised.
- (5) The share premium arising from the conversion of the Convertible Bonds to Conversion Shares is assumed to be recognised under issued share capital and not separated out into a separate share premium account.

5.2. Net Asset Value

Assuming that the Rights Issue was completed on 31 December 2023 and on 30 September 2024, the effects of the Rights Issue on the NAV of the Group are as follows:

	As at 31 December 2023	As at 30 September 2024
Number of Shares before the Rights Issue ⁽¹⁾	795,686,142	795,686,142
Add: Shares to be issued assuming the exercise of ESOS Options	1,191,000	1,191,000
Add: Number of Conversion Shares to be issued assuming the conversion of all the Convertible Bonds	398,438,568	398,438,568
Number of Shares after the issue of the Conversion Shares under the Maximum Rights Issue Scenario⁽²⁾	1,195,315,710	1,195,315,710

LETTER TO SHAREHOLDERS

	As at 31 December 2023	As at 30 September 2024
Net assets attributable to owners of the Company before the Rights Issue (RMB'000)	1,900,440	2,000,803
Net assets attributable to owners of the Company after the Rights Issue but before the conversion of any Convertible Bonds into Conversion Shares (RMB'000) ⁽³⁾	1,900,440	2,000,803
Net assets attributable to owners of the Company after the Rights Issue and the issue of the Conversion Shares under the Maximum Rights Issue Scenario (RMB'000)⁽³⁾⁽⁴⁾	2,430,146	2,539,956
NAV per Share before the Rights Issue (RMB cents)	238.84	251.46
NAV per Share after the Rights Issue and the issue of the Conversion Shares under the Maximum Rights Issue Scenario (RMB cents)⁽³⁾⁽⁴⁾	203.31	212.49

Notes:

- (1) Based on the number of Shares issued and outstanding as at 31 December 2023 and as at 30 September 2024.
- (2) Based on the Enlarged Issued Share Capital of the Company of 1,195,315,710 Shares, after conversion of all Convertible Bonds into 398,438,568 Shares and assuming that the 1,191,000 outstanding ESOS Options are exercised on or prior to the Record Date.
- (3) Calculated on the assumption that: (a) the Rights Issue was completed and S\$99,609,642 in aggregate principal amount of Convertible Bonds were issued on 31 December 2023 or 30 September 2024 (as the case may be); (b) 398,438,568 Conversion Shares are allotted and issued upon conversion of all the Convertible Bonds; (c) the Conversion Price will be S\$0.25 with no adjustment; (d) the Net Proceeds from the issue of the Convertible Bonds will be approximately S\$98.51 million, after deducting estimated expenses incurred in connection with the Rights Issue of approximately S\$1.1 million; (e) there is no return earned from the Net Proceeds and no payment of interest on the Convertible Bonds; (f) convertible bond liability is computing assuming no fair value adjustments relating to the Convertible Bonds, redemption option and conversion option; and (g) does not take into account any theoretical ex-rights adjustment factor.
- (4) Based on the exchange rate of RMB5.3772:SGD1.0 as at 31 December 2023 and RMB5.4731:SGD1.0 as at 30 September 2024.

5.3. Gearing

Gearing is computed based on the ratio of total net borrowings to shareholders' equity as at 31 December 2023 and as at 30 September 2024. Assuming that the Rights Issue was completed and all Convertible Bonds were converted into Conversion Shares on 31 December 2023 or 30 September 2024 (as the case may be), the effect of the Rights Issue on the gearing of the Group is as follows:

	As at 31 December 2023	As at 30 September 2024
<u>Before the Rights Issue</u>		
Total net borrowings ⁽¹⁾ (RMB'000)	3,612,377	3,590,283
Shareholder's equity (RMB'000)	1,900,440	2,000,803
Gearing (%)	190%	179%
<u>After the Rights Issue but before the conversion of any Convertible Bonds into Conversion Shares</u>		
Total net borrowings ⁽¹⁾ (RMB'000)	3,612,377	3,590,283
Shareholder's equity (RMB'000)	1,900,440	2,000,803

LETTER TO SHAREHOLDERS

Gearing (%)	190%	179%
<u>After the Rights Issue and the issue of the Conversion Shares</u>		
Total net borrowings ⁽¹⁾ (RMB'000)	3,082,671	3,051,130
Shareholder's equity (RMB'000)	2,430,146	2,539,956
Gearing (%)	127%	120%

Note:

- (1) Net borrowings refer to gross borrowing (comprising borrowings, lease liabilities and convertible bonds) less cash and cash equivalents and pledged bank deposits.

5.4. Earnings per Share

The Rights Issue is expected to have a dilutive effect on the EPS in view of the enlarged issued share capital of the Company upon the issue of the Conversion Shares arising from the issue of the Conversion Shares upon conversion of the Convertible Bonds. It should be noted that the issue of the Convertible Bonds will not have an immediate effect on the EPS until the Convertible Bonds are converted into Conversion Shares. The dilutive effects of the conversion of the Convertible Bonds on the EPS of the Group for FY2023 and 9M2024 are as follows:

	FY2023	9M2024
<u>Before the Rights Issue</u>		
Net profit attributable to the owners of the Company (RMB'000)	175,772	100,363
Weighted average number of Shares for basic EPS computation ('000)	795,686	795,686
Weighted average number of Shares for diluted EPS computation ('000)	795,686	795,785
Basic EPS (RMB cents) ⁽¹⁾	22.09	12.61
Diluted EPS (RMB cents) ⁽²⁾	22.09	12.61
<u>After the Rights Issue but before the conversion of any Convertible Bonds into Conversion Shares</u>		
Basic EPS (RMB cents) ⁽¹⁾	22.09	12.61
Diluted EPS (RMB cents) ⁽²⁾	14.71	8.40
<u>After the Rights Issue and the issue of the Conversion Shares under the Maximum Rights Issue Scenario</u> ⁽³⁾		
Basic EPS (RMB cents) ⁽¹⁾	14.71	8.40
Diluted EPS (RMB cents) ⁽²⁾	14.71	8.40

Notes:

- (1) Basic EPS is calculated by dividing profit after taxation for the year that is attributable to owners of the Company by the weighted average number of Shares outstanding during the financial year.
- (2) Diluted EPS is calculated by dividing profit after taxation for the year that is attributable to owners of the Company by the weighted average number of Shares outstanding during the financial year plus the weighted average number of Shares that would be issued on the conversion of all the dilutive potential Shares into Shares.

LETTER TO SHAREHOLDERS

- (3) Calculated on the assumption that: (a) the Rights Issue was completed and S\$99,609,642 in aggregate principal amount of Convertible Bonds were issued on 31 December 2023 or 30 September 2024 (as the case may be); (b) 398,438,568 Conversion Shares are allotted and issued upon conversion of all the Convertible Bonds; (c) the Conversion Price will be S\$0.25 with no adjustment; (d) the Net Proceeds from the issue of the Convertible Bonds will be approximately S\$98.51 million, after deducting estimated expenses incurred in connection with the Rights Issue of approximately S\$1.1 million; (e) there is no return earned from the Net Proceeds and no payment of interest on the Convertible Bonds; (f) convertible bond liability is computing assuming no fair value adjustments relating to the Convertible Bonds, redemption option and conversion option; and (g) does not take into account any theoretical ex-rights adjustment factor.

6. FINANCIAL INFORMATION OF THE GROUP

The financial statements of the Group (the consolidated statement of profit or loss and other comprehensive income, statements of financial position and consolidated statement of cash flows and the working capital position of the Group) for FY2021, FY2022, FY2023 and 9M2024 as well as the review thereof are set out in **Appendix D** of this Circular.

7. PRIOR EQUITY FUNDRAISING

The Company has not undertaken any equity fund raising exercise in the last 12 months. No securities or equity interests of the Company have been issued for cash or securities within the 12 months immediately preceding the Latest Practicable Date.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

8.1. Interests of Directors

As at the Latest Practicable Date, the interests of the Directors, based on information in the register of Directors' shareholdings maintained by the Company, are as follows:

Name of Director	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mr. Guo Hong Xin ⁽²⁾	-	-	153,638,554	19.31
Mr. Ma Ming ⁽³⁾	-	-	137,509,737	17.28
Mr. Yang Zheng	-	-	-	-
Mr. Limjoco Ross Yu	-	-	-	-
Mr. Mak Yen-Chen Andrew	-	-	-	-
Mr. Wang Dao Fu	-	-	-	-
Mr. Li Lei	-	-	-	-
Ms. Wang Guannan	-	-	-	-

Notes:

- (1) The percentage is calculated based on the Existing Share Capital of 795,686,142 Shares.
- (2) Mr. Guo Hong Xin is (i) deemed to be interested in 82,209,983 Shares held by Allgreat Pacific Limited, which is an investment holding company wholly owned by him, and (ii) deemed to be interested in 71,428,571 Shares held by Sunpower Business Group Pte. Ltd., which is an investment holding company wholly owned by Allgreat Pacific Limited, which is in turn wholly owned by him.

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- (3) Mr. Ma Ming is (i) deemed to be interested in 66,081,166 Shares held by Claremont Consultancy Limited which is an investment holding company wholly owned by him, and (ii) deemed to be interested in 71,428,571 Shares held by Tournan Trading Pte. Ltd., which is an investment holding company wholly owned by Claremont Consultancy Limited, which is in turn wholly owned by him.

8.2. Interests of Substantial Shareholders (other than the Directors)

As at the Latest Practicable Date, the interests of the Substantial Shareholders (other than the Directors), based on information in the register of Substantial Shareholders maintained by the Company, are as follows:

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Allgreat Pacific Limited ⁽²⁾	82,209,983	10.33	71,428,571	8.98
Claremont Consultancy Limited ⁽³⁾	66,081,166	8.30	71,428,571	8.98
Sunpower Business Group Pte. Ltd.	71,428,571	8.98	-	-
Tournan Trading Pte. Ltd.	71,428,571 ⁽⁴⁾	8.98	-	-
Lin Yucheng	100,000,000	12.57	-	-
Joyfield Group Limited	66,154,120	8.31	-	-
Pan Shuhong ⁽⁵⁾	19,393,198	2.44	66,154,120	8.31

Notes:

- (1) Based on the Existing Share Capital of 795,686,142 Shares.
- (2) Allgreat Pacific Limited is deemed to be interested in 71,428,571 Shares held by Sunpower Business Group Pte. Ltd., its wholly owned subsidiary.
- (3) Claremont Consultancy Limited is deemed to be interested in 71,428,571 Shares held by Tournan Trading Pte. Ltd., its wholly owned subsidiary.
- (4) Tournan Trading Pte. Ltd. has beneficial interest in 71,428,571 Shares. However, as at the Latest Practicable Date, only 57,428,571 Shares are recorded in its nominee account. The remaining unaccounted 14,000,000 Shares were transferred out of its nominee accounts to the Designated Account pursuant to a loan agreement entered between Tournan Trading Pte. Ltd. and Sunpower Business Group Pte. Ltd. (as borrowers) and America 2030 Capital Limited on or about 17 October 2018. Under the loan agreement, Tournan Trading Pte. Ltd. and Sunpower Business Group Pte. Ltd. had each provided the Lender 14,000,000 Shares as Collateral Shares to the Designated Account. For further details, please refer to Note (6) to the table set out in paragraph 2.7(a) of this Circular.
- (5) Pan Shuhong is deemed to be interested in 66,154,120 Shares held by Joyfield Group Limited, which is wholly owned by her.

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8.3. Interests of Directors and Substantial Shareholders

We have set out below the interests (if any) of the Directors and the Substantial Shareholders (i) as at the Latest Practicable Date and (ii) after Rights Issue, assuming full conversion of the Convertible Bonds into Conversion Shares under the Maximum Rights Issue Scenario and the Minimum Rights Issue Scenario.

		As at the Latest Practicable Date		After Rights Issue ⁽¹⁾			
				Minimum Rights Issue Scenario		Maximum Rights Issue Scenario	
		No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽⁴⁾
<u>Directors</u>	<u>Holding Entities (if any)</u>						
Guo Hong Xin	Allgreat Pacific Limited	82,209,983	10.33	82,209,983	6.89	82,209,983	6.88
	Sunpower Business Group Pte. Ltd.	71,428,571 ⁽⁵⁾	8.98	71,428,571 ⁽⁷⁾	5.98	71,428,571 ⁽⁷⁾	5.98
	Chen Ping (陈萍)	-	-	69,819,272	5.85	69,819,272	5.84
Sub-total		153,638,554	19.31	223,457,826	18.72	223,457,826	18.69
Ma Ming	Claremont Consultancy Limited	66,081,166	8.30	94,081,166	7.88	94,081,166	7.87
	Tournan Trading Pte. Ltd.	71,428,571 ⁽⁶⁾	8.98	71,428,571 ⁽⁷⁾	5.98	71,428,571 ⁽⁷⁾	5.98
Sub-total		137,509,737	17.28	165,509,737	13.87	165,509,737	13.85
<u>Substantial Shareholders (other than Directors)</u>							
Lin Yucheng	-	100,000,000	12.57	150,000,000	12.57	150,000,000	12.55
Pan Shuhong	Joyfield Group Limited	66,154,120	8.31	99,231,180	8.31	99,231,180	8.30
Pan Shuhong	-	19,393,198	2.44	29,089,794	2.44	29,089,794	2.43
BLP Capital	-	-	-	207,250,140	17.36	207,845,640	17.39
Sub-total		185,547,318	23.32	485,571,114	40.68	486,166,614	40.67

LETTER TO SHAREHOLDERS

Notes:

- (1) Assumes no other shareholder of the Company (other than the Undertaking Parties) subscribes for the Convertible Bonds and the Undertaking Parties subscribe for such number of undertaken Convertible Bonds in accordance with their respective Irrevocable Undertakings as set out in paragraphs 2.7(b)(iv), 2.7(b)(v) and 2.7(e) of this Circular. The number of Shares held and percentage of issued share capital are computed on basis the Convertible Bonds have been fully converted into Shares.
- (2) The percentage is calculated based on the Existing Share Capital of 795,686,142 Shares of the Company.
- (3) Based on the Enlarged Issued Share Capital of the Company of 1,193,529,210 Shares, after conversion of all Convertible Bonds into 397,843,068 Shares and assuming that the 1,191,000 outstanding ESOS Options are not exercised on or prior to the Record Date.
- (4) Based on the Enlarged Issued Share Capital of the Company of 1,195,315,710 Shares, after conversion of all Convertible Bonds into 398,438,568 Shares and assuming that the 1,191,000 outstanding ESOS Options are exercised on or prior to the Record Date.
- (5) Includes 14,000,000 Collateral Shares that Sunpower Business Group Pte. Ltd. has beneficial interest in. However, in the event that the Collateral Shares are not recorded against its name in the Depository Register as at Record Date, Sunpower Business Group Pte. Ltd. would accordingly not be entitled to any *pro rata* entitlements to subscribe the Convertible Bonds in respect of the Collateral Shares.
- (6) Includes 14,000,000 Collateral Shares that Tournan Trading Pte. Ltd. has beneficial interest in. However, in the event that the Collateral Shares are not recorded against its name in the Depository Register as at Record Date, Tournan Trading Pte. Ltd. would accordingly not be entitled to any *pro rata* entitlements to subscribe the Convertible Bonds in respect of the Collateral Shares.
- (7) Excludes *pro rata* entitlements to subscribe for the Convertible Bonds in respect of the 14,000,000 Collateral Shares for each of Sunpower Business Group Pte. Ltd. and Tournan Trading Pte. Ltd. has beneficial interests in.

8.4. Interests in the Rights Issue

Li Lei and Wang Guannan, being Non-Executive and Non-Independent Directors appointed by the Existing Bondholders, are deemed to have an interest in the Rights Issue for reasons described in paragraph 2.5 of this Circular. As such, each of Li Lei and Wang Guannan has recused (and will continue to recuse) himself or herself from the Board's decision-making in relation to the Rights Issue and will abstain from participating in any recommendation to be made by the Board with respect to the Rights Issue.

Save as disclosed in this Circular, none of the Directors or Substantial Shareholders of the Company, as well as their respective associates, have any interests, direct or indirect, in the Rights Issue (other than through their respective shareholdings in the Company, if any).

9. ABSTENTION FROM VOTING

9.1. Whitewash Resolution

In accordance with the conditions imposed by the SIC, each of Lin Yucheng, Joyfield Group Limited and Pan Shuhong and any party not independent of the BLP Concert Party Group will abstain from voting on the Whitewash Resolution.

9.2. Transfer Resolution

Each of Lin Yucheng, Joyfield Group Limited and Pan Shuhong shall abstain, and shall procure each of their associates to abstain, from voting at the SGM on the Transfer Resolution, taking into consideration the potential transfer of controlling interest to BLP Capital as described in paragraph 4 of this Circular pursuant to the conversion of the Convertible Bonds and the Irrevocable Undertaking given by the Undertaking Lin and Pan Entities.

The Company will disregard any votes cast on the Ordinary Resolutions by persons required to abstain from voting by the Listing Manual or pursuant to a court order where such court order is served on the Company.

10. DIRECTORS' RECOMMENDATION

10.1. The Rights Issue Resolution and the Transfer Resolution

Having reviewed and considered the rationale for and benefits of the terms and rationale of the Rights Issue and the Transfer Resolution, the Independent Directors are of the view that the Rights Issue Resolution and the Transfer Resolution are in the interests of the Company and its minority Shareholders. Accordingly, the Independent Directors recommend that Shareholders **VOTE IN FAVOUR** of the Ordinary Resolutions relating thereto as set out in the Notice of SGM.

10.2. The Whitewash Resolution

Having reviewed and considered, *inter alia*, the rationale for the Rights Issue and the advice of the Xandar Capital (as the independent financial adviser) as set out in the IFA Letter, the Independent Directors are of the view that the Whitewash Resolution is in the interests of the Company and its minority Shareholders. Accordingly, the Independent Directors recommend that Shareholders **VOTE IN FAVOUR** of the Ordinary Resolution relating thereto as set out in the Notice of SGM.

LETTER TO SHAREHOLDERS

10.3. No regard to specific objectives

In giving the above recommendations, the Independent Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

The Chairman of the SGM will accept appointment as proxy for any Shareholder to vote in respect of the Ordinary Resolutions relating to the Proposed Transactions to be proposed at the SGM where such Shareholder has given specific instructions in a validly completed and submitted Depositor Proxy Form as to voting, or abstentions from voting, in respect of such Ordinary Resolution.

11. SPECIAL GENERAL MEETING

11.1. The SGM is convened for the purpose of considering and, if thought fit, passing with or without modifications the Ordinary Resolution to approve the Proposed Transactions as set out in the Notice of SGM. The members of the Company are invited to attend physically at the SGM. **There will be no option for shareholders to participate virtually.**

11.2. The SGM, notice of which is set out on pages N-1 to N-4 of this Circular, will be held on 26 February 2025 at 10.00 a.m. (Singapore time) at HQ-India Rooms, Assembly Building, Level 2, JW Marriott Hotel Singapore South Beach, 30 Beach Road, Singapore 189763.

12. CIRCULAR, NOTICE OF SGM AND DEPOSITOR PROXY FORM

12.1. Printed copies of this Circular, the Notice of SGM and the Depositor Proxy Form have been despatched to Shareholders.

12.2. Electronic copies of this Circular, the Notice of SGM and the Depositor Proxy Form are available on SGXNET and on the Company's website at the URL <http://sunpower.listedcompany.com>. A Shareholder will need an internet browser and PDF reader to view these documents on SGXNET and the Company's designated website.

12.3. Shareholders are advised to read this Circular carefully in order to decide whether they should vote in favour of or against, or abstain from voting on, the Ordinary Resolutions in relation to the Proposed Transactions to be proposed at the SGM.

13. INTER-CONDITIONALITY OF RESOLUTIONS TO BE PASSED

13.1. In voting for the Proposed Transactions set out in the Notice of SGM, Shareholders should note that the Whitewash Resolution (Ordinary Resolution 2) and the Transfer Resolution (Ordinary Resolution 3) are conditional on the passing of the Rights Issue Resolution (Ordinary Resolution 1).

13.2. For the avoidance of doubt, the Rights Issue Resolution (Ordinary Resolution 1) is not conditional on the passing of the Whitewash Resolution (Ordinary Resolution 2) and the Transfer Resolution (Ordinary Resolution 3).

LETTER TO SHAREHOLDERS

14. ACTION TO BE TAKEN BY SHAREHOLDERS

- 14.1.** If a Depositor who is an individual is unable to attend the SGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Depositor Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd., at 36 Robinson Road #20-01 City House Singapore 068877, not later than 48 hours before the time fixed for the SGM. Completion and return of the Depositor Proxy Form by a Depositor will not preclude him from attending and voting in person at the SGM in place of his proxy if he so wishes.
- 14.2.** A Depositor will not be regarded as a Shareholder of the Company entitled to attend the SGM and to vote thereat unless he is shown to have Shares entered against his name in the Depository Register as certified by CDP to the Company at least 48 hours before the SGM.
- 14.3.** A Depositor who is not an individual can only be represented at the SGM if its nominee/nominees is/are appointed as the CDP's proxy/proxies. To appoint its nominee/nominees as proxy/proxies of the CDP and to enable its nominee/nominees to attend and vote at the SGM, such Depositor should complete, execute and deposit the Depositor Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event, so as to reach the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd., at 36 Robinson Road #20-01 City House Singapore 068877, not later than 48 hours before the time fixed for the SGM.

15. RESPONSIBILITY STATEMENTS

- 15.1.** The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Rights Issue, the Convertible Bonds, the Conversion Shares and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.
- 15.2.** To demonstrate their commitment to and confidence in the prospects of the Group and to show their support for the Rights Issue, Directors who have interests in Shares (namely, Guo Hong Xin and Ma Ming) have each provided an Irrevocable Undertaking as described in paragraph 2.7 of this Circular.
- 15.3.** To the best of SAC Capital's (as the Financial Adviser to the Company and the Rights Manager) knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and SAC Capital is not aware of any facts the omission of which would make any statement in this Circular misleading.

16. CONSENTS

- 16.1.** SAC Capital, as the Financial Adviser to the Company and the Rights Manager, has given and has not withdrawn its consent to the issue of this Circular, with the inclusion in this Circular of its name and all references to its name in the form and context in which it appears in this Circular.

LETTER TO SHAREHOLDERS

- 16.2.** Xandar Capital, as the independent financial adviser, has given and has not withdrawn its consent to the issue of this Circular, with the inclusion in this Circular of its name and all references to its name in the form and context in which it appears in this Circular.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection by the Shareholders at the registered office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd., at 36 Robinson Road #20-01 City House Singapore 068877, during normal business hours for a period of three (3) months from the date of this Circular:

- (a) the Bye-laws of the Company;
- (b) the Announcement;
- (c) the annual report of the Group for FY2021, FY2022 and FY2023;
- (d) the unaudited financial statements of the Group for 9M2024;
- (e) the Irrevocable Undertakings;
- (f) the IFA Letter; and
- (g) the consent letters from SAC Capital and Xandar Capital.

Yours faithfully

For and on behalf of the Board of Directors of
SUNPOWER GROUP LTD.

Yang Zheng
Lead Independent Director

APPENDIX A – EVENTS OF DEFAULT

Condition 11(A) of the Terms and Conditions – Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25% in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution (as defined in the Terms and Conditions) shall (subject to being indemnified and/or secured and/or funded by the holders (as defined in the Terms and Conditions) as to such amounts as may be requested and notified to the holders to its satisfaction), give notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at their principal amount plus unpaid accrued interest (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 5) if any of the following events has occurred and is continuing:

- (i) **Non-Payment:** a default is made in the payment of any principal or interest due in respect of the Bonds and such default is subsisting for a period of more than 14 days;
- (ii) **Breach of Other Obligations:** the Issuer does not perform or comply with one or more of its other obligations in the Bonds or the Trust Deed (as defined in the Terms and Conditions) (other than the obligations referred to in Condition 11(A)(i) and 11(A)(iii)) which default is incapable of remedy or, if capable of remedy, is not remedied within 30 business days after written notice of such default shall have been given to the Issuer by the Trustee;
- (iii) **Failure to deliver Shares:** any failure by the Issuer to deliver any Shares as and when the Shares are required to be delivered following conversion of Bonds and such failure continues for more than 10 Trading Days (as defined herein) provided that such failure is not due to a technical or administrative error;
- (iv) **Insolvency:** the Issuer is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of its debts or a moratorium is agreed or declared in respect of or affecting its debts, or affecting all or a material part of the debts of the Issuer;
- (v) **Cross-Acceleration:** (a) any other present indebtedness (actual) of the Issuer for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (b) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (c) the Issuer fails to pay when due any amount payable by it under any present guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (v) have occurred equals or exceeds S\$30 million or its equivalent in any other currency (as determined on the basis of the middle spot rate for the relevant currency against the Singapore dollar as quoted by any leading bank of international repute selected by the Trustee) on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantees or indemnity;

APPENDIX A – EVENTS OF DEFAULT

- (vi) Enforcement Proceedings: a distress, attachment, execution, seizure or other legal process is levied, enforced or sued out on or against the whole or substantial part of the assets of the Issuer that is material to the Issuer and is not discharged or stayed within 60 days;
- (vii) Winding-up: an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer;
- (viii) Security Enforced: an encumbrancer takes possession or an administrative or other receiver or an administrator or other similar officer is appointed over the whole or substantial part of the assets of the Issuer that is material to the Issuer and is not discharged within 60 days;
- (ix) Nationalisation: (a) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer that is material to the Issuer or (b) the Issuer is prevented from exercising normal control over all or a material part of its assets that is material to the Issuer;
- (x) Authorisation and Consents: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (a) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations, under the Bonds and the Trust Deed, and (b) to ensure that those obligations are legally binding and enforceable, is not taken, fulfilled or done;
- (xi) Illegality: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Trust Deed; or
- (xii) Analogous Events: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

APPENDIX B – ADJUSTMENTS TO CONVERSION PRICE

Condition 5(C) of the Terms and Conditions – Adjustments to Conversion Price

The Conversion Price will be subject to adjustment in the following events:

(1) *Consolidation, Share Buybacks, Subdivision or Reclassification*

If and whenever there shall be an alteration to the number of issued Shares as a result of consolidation, share buybacks, subdivision or re-classification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of issued Shares immediately before such alteration;
and

B is the aggregate number of issued Shares immediately after such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

(2) *Capitalisation of Profits or Reserves*

(a) If and whenever the Issuer shall issue any Shares credited as fully paid to the holders of Shares ("**Shareholders**") by way of capitalisation of profits or reserves including Shares paid up out of distributable profits or reserves issued (except any Scrip Dividend) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of issued Shares immediately before such issue; and

B is the aggregate number of issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

APPENDIX B – ADJUSTMENTS TO CONVERSION PRICE

- (b) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price of such Shares on the last Trading Day preceding the date of announcement of the terms of the issue exceeds 105% of the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A+B}{A+C}$$

where:

- A is the aggregate number of issued Shares immediately before such issue;
- B is the aggregate number of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is such Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and
- C is the aggregate number of Shares issued by way of such Scrip Dividend;

or by making such other adjustment as an Independent Investment Bank (as defined below) shall certify to the Trustee is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

(3) *Capital Distributions*

If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 5(C)(2) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A-B}{A}$$

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or if a record date is fixed therefor, immediately after such record date.

APPENDIX B – ADJUSTMENTS TO CONVERSION PRICE

(4) *Rights Issues of Shares or Options over Shares*

If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, in each case at less than 95% of the Current Market Price per Share on the last Trading Day preceding the date of the announcement of the terms of the issue or grant, the Conversion Prices shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A+B}{A+C}$$

where:

- A is the number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

(5) *Rights Issues of Other Securities*

If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares) to all or substantially all Shareholders as a class by way of rights or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A-B}{A}$$

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be) or where a record date is set,

APPENDIX B – ADJUSTMENTS TO CONVERSION PRICE

the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be on the SGX-ST.

(6) *Issues of Shares at less than Current Market Price*

If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 5(C)(4) above) any Shares (other than Shares issued prior to the Closing Date or on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for Shares) or issue or grant (otherwise than as mentioned in Condition 5(C)(4) above) options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at a price per Share which is less than 95% of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A+B}{C}$$

where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares would purchase at such Current Market Price; and
- C is the number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Issuer of options, warrants or other rights to subscribe, purchase or otherwise acquire Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the grant of such options, warrants or other rights.

(7) *Issues of Securities which carry rights of conversion into, or exchange or subscription for, Shares at a consideration less than the Current Market Price*

Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 5(C)(7), if and whenever the Issuer or any of its Subsidiaries (as defined below) (otherwise than as mentioned in Condition 5(C)(4), Condition 5(C)(5) or Condition 5(C)(6)), or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries), any other company, person or entity shall issue any securities (other than the Bonds excluding for this purpose any further bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for Shares at a consideration per Share which is less than 95% of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion

APPENDIX B – ADJUSTMENTS TO CONVERSION PRICE

Price in force immediately before such issue by the following fraction:

$$\frac{A+B}{A+C}$$

where:

- A is the number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

- (8) *Modification of rights of conversion, exchange or subscription attaching to any other Securities issued and which are convertible into Shares such that the consideration per Share is less than the Current Market Price*

If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 5(C)(7) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95% of the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A+B}{A+C}$$

where:

- A is the number of Shares in issue immediately before such modification;
- B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price or, if lower, the existing conversion, exchange or subscription price of such securities; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of the right of subscription attached thereto at the modified conversion, exchange or subscription or purchase price or rate but giving credit in such manner as an Independent Investment Bank considers appropriate (if at all) for any previous adjustment under this Condition 5(C)(8) or Condition 5(C)(7).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

APPENDIX B – ADJUSTMENTS TO CONVERSION PRICE

(9) *Issues of Securities in the context of an offer to Shareholders*

The issue, sale or distribution by or on behalf of the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity of any securities in connection with an offer by or on behalf of the Issuer or any of its Subsidiaries or such other company, person or entity pursuant to which offer the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 5(C)(4), Condition 5(C)(5), Condition 5(C)(6) or Condition 5(C)(7)) above.

In such an event, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue, sale or distribution is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities.

(10) *Other Events*

In events or circumstances not otherwise provided in the Conditions, the Issuer shall, at its own expense, consult an Independent Investment Bank, to determine as soon as practicable (i) what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, (ii) if the adjustment would result in a reduction in the Conversion Price, and (iii) the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the circumstances giving rise to any adjustment pursuant to this Condition 5 have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 5 as may be advised by the Independent Investment Bank to be in its opinion appropriate to give the intended result.

(11) *Employee Share Option Scheme*

The Conversion Price shall not be subject to any adjustment as a result of any issue of Shares by the Issuer pursuant to the employee share option scheme adopted by the Issuer on 29 April 2015 (including any amendments thereto) or any future employee share option scheme provided that (i) such scheme or plan is in compliance with the listing rules of the SGX-ST, (ii) such scheme has been approved by the Shareholders, and (iii) the total number of Shares that are issued by the Issuer pursuant to such scheme or plan during the 12-month period up to and including the date of such issue of Shares, in aggregate, shall not exceed more than 5% of the average of the issued

APPENDIX B – ADJUSTMENTS TO CONVERSION PRICE

and outstanding Shares during such 12-month period and (iii) the exercise price of any options granted under such scheme or plan shall not be lower than the minimum exercise price as permitted under the listing rules of SGX-ST from time to time.

For the purposes of these Conditions:

"Capital Distribution" means: (i) any distribution of assets in specie by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of Shares or other securities credited as fully or partly paid (other than Shares credited as fully paid by way of capitalisation of reserves)); and (ii) any dividend (including any cash or Scrip Dividend) or distribution of any kind by the Issuer for any financial period (whenever paid and however described).

"Closing Price" for the Shares for any Trading Day shall be the average closing market price quoted by the SGX-ST for the last five Trading Days prior to such Trading Day.

"Current Market Price" means, in respect of a Share at a particular date, the average of the Volume Weighted Average Price for one Share (being a Share carrying full entitlement to dividend) for the 30 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said 30 Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (i) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share; or
- (ii) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount;

and provided further that if the Shares on each of the said 30 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share.

"Fair Market Value" means, with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank, acting as an expert, provided that (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded.

"Independent Investment Bank" means an independent investment bank of international repute (acting as an expert) selected by the Issuer and approved by the Trustee.

APPENDIX B – ADJUSTMENTS TO CONVERSION PRICE

"Relevant Cash Dividend" means any cash dividend specifically declared by the Issuer.

"Scrip Dividend" means any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Capital Distribution (and for the avoidance of doubt to the extent that no adjustment is to be made under Condition 5(C)(3) in respect of the amount by which the Current Market Price of the Shares exceeds the Relevant Cash Dividend or part thereof) but without prejudice to any adjustment required in such circumstances to be made under Condition 5(C)(2)(ii).

"Subsidiary" of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which under regulations or generally accepted accounting principles from time to time, should have its accounts consolidated with those of that person.

"Trading Day" means a day when the SGX-ST is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days.

"Volume Weighted Average Price" means, in respect of a Share on any Stock Exchange Business Day, the order book volume-weighted average price of a Share appearing on or derived from Bloomberg or such other source as shall be determined to be appropriate by an Independent Investment Bank on such Stock Exchange Business Day, provided that on any such Stock Exchange Business Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Stock Exchange Business Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Stock Exchange Business Day on which the same can be so determined.

On any adjustment, the relevant Conversion Price, if not an integral multiple of one S\$ cent, shall be rounded down to the nearest S\$ cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1% of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Bondholders in accordance with Condition 16 as soon as practicable after the determination thereof.

Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in their opinion appropriate in order to give such intended result.

No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 5(C)(1) above.

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price and

APPENDIX B – ADJUSTMENTS TO CONVERSION PRICE

will not be responsible to Bondholders for any loss arising from any failure by it to do so.

The Trustee and the Agents shall be under no obligation to calculate, determine or verify the number of Shares to be issued upon conversion of the Bonds or verify the Issuer's or the Independent Investment Bank's determination of such number of Shares or method used in such determination and neither the Trustee nor the Agents shall be responsible to Bondholders or any other person for any loss arising from any failure to do so or for any delay of the Issuer or the Independent Investment Bank in making such determination or any erroneous determination by the Issuer or the Independent Investment Bank.

Condition 5(D) of the Terms and Conditions – Undertaking

The Issuer has undertaken in the Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders or with the approval of the Trustee where, in the opinion of the Trustee, it is not materially prejudicial to the interests of Bondholders to give such approval:

- (i) it will use reasonable endeavours (a) to maintain a listing for all the issued Shares on the SGX-ST, and (b) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the SGX-ST;
- (ii) it will pay the expenses of the issue of, and all expenses of obtaining listing for Shares arising on conversion of the Bonds; and
- (iii) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof except, in each case, where the reduction is permitted by applicable law.

The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

Condition 5(E) of the Terms and Conditions – Notice of Change in Conversion Price

The Issuer shall give notice to the Trustee, the Agents and the Bondholders in accordance with Condition 16 of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

**APPENDIX C – LETTER FROM XANDAR CAPITAL PTE. LTD.
TO THE INDEPENDENT DIRECTORS OF THE COMPANY**



10 February 2025

SUNPOWER GROUP LTD.

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Attention: The Independent Directors (as defined below)

Dear Independent Directors

LETTER FROM XANDAR CAPITAL PTE. LTD. PURSUANT TO THE CODE (AS DEFINED HEREIN) AS WELL AS TO ADVISE THE INDEPENDENT DIRECTORS OF SUNPOWER GROUP LTD. (THE “COMPANY”) IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS OF THE COMPANY TO RECEIVE A MANDATORY GENERAL OFFER FROM THE BLP CONCERT PARTY GROUP (AS DEFINED HEREIN) FOR THE REMAINING ISSUED AND PAID-UP SHARES OF THE COMPANY (THE “SHARES”) NOT OWNED OR CONTROLLED BY THEM, AS A RESULT OF THE CONVERSION OF THE CONVERTIBLE BONDS PURSUANT TO THE PROPOSED RIGHTS ISSUE OF CONVERTIBLE BONDS IN THE COMPANY (THE “WHITEWASH RESOLUTION”)

*Unless otherwise defined or the context otherwise requires, all terms applied in this letter (this “**IFA Letter**”) shall have the same meaning as defined in the Company’s circular to its shareholders (the “**Shareholders**”) dated 10 February 2025 (the “**Circular**”).*

*Unless otherwise stated, the Singapore dollar (“**S\$**”) equivalent amounts for Renminbi (“**RMB**”) amounts and United States dollars (“**US\$**”) amounts stated in this IFA Letter have been converted based on the midday average interbank exchange rate of S\$1.00 to RMB5.3879 or US\$0.7418 (the “**Exchange Rates**”) as at 27 January 2025 (the “**Latest Practicable Date**”) extracted from the website of the Monetary Authority of Singapore.*

1. INTRODUCTION

On 9 December 2024 (the “**Announcement Date**”), the Company announced that it is proposing to undertake a renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to S\$99,609,642 in aggregate principal amount of 7.00% convertible bonds (the “**Convertible Bonds**”) in the denomination of S\$1.00 each, on the basis of 125 Convertible Bonds for every 1,000 Shares held by Shareholders who are eligible to participate in the Rights Issue (the “**Entitled Shareholders**”) as at a time and date to be determined (the “**Record Date**”) by the board of directors of the Company (the “**Board**”).

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**APPENDIX C – LETTER FROM XANDAR CAPITAL PTE. LTD.
TO THE INDEPENDENT DIRECTORS OF THE COMPANY**



Each of the Convertible Bonds may be convertible into new ordinary shares in the capital of the company (the “**Conversion Shares**”) at the initial conversion price of S\$0.25 for each Conversion Share (the “**Conversion Price**”).

1.1 THE RIGHTS ISSUE

Based on the Company’s issued and paid-up share capital comprising 795,686,142 Shares (the “**Existing Share Capital**”) as at the Latest Practicable Date, and assuming no new Shares are issued on or prior to the Record Date and that all Entitled Shareholders subscribe in full and pay for their *pro rata* entitlements of Convertible Bonds, the Company will allot and issue up to S\$99.46 million in aggregate principal amount of Convertible Bonds. Assuming no adjustment to the Conversion Price during the five-year tenure of the Convertible Bonds, the maximum number of Conversion Shares that may be allotted and issued by the Company upon conversion of all the Convertible Bonds will be 397,843,068 Conversion Shares, representing in aggregate 50.0% of the Existing Share Capital as at the Latest Practicable Date.

However, as at the Latest Practicable Date, the Company has 1,191,000 options granted under the Sunpower Employee Share Option Scheme 2015 (the “**ESOS Options**”), each ESOS Option exercisable into one new Share in the capital of the Company (the “**ESOS Share**”) at exercise prices of between S\$0.116 and S\$0.308 on or before 19 May 2025. If all the ESOS Options are exercised and the Company allots and issues 1,191,000 ESOS Shares prior to the Record Date, the Company’s share capital would increase to 796,877,142 Shares (the “**ESOS Issued Share Capital**”), and the Company may allot and issue up to S\$99.61 million in aggregate principal amount of Convertible Bonds. Assuming no adjustment to the Conversion Price during the five-year tenure of the Convertible Bonds, the maximum number of Conversion Shares that may be allotted and issued upon conversion is 398,438,568 Conversion Shares, representing in aggregate 50.0% of the Company’s ESOS Issued Share Capital.

1.2 THE IRREVOCABLE UNDERTAKINGS RECEIVED BY THE COMPANY

The Company has entered into deeds of irrevocable undertaking dated 9 December 2024 (the “**Irrevocable Undertakings**”) with the following parties in respect of the Rights Issue:

- (a) Mr Guo Hong Xin, Allgreat Pacific Limited, Sunpower Business Group Pte. Ltd. and Ms Chen Ping (陈萍) (collectively, the “**Undertaking Guo Entities**”);
- (b) Mr Ma Ming and Claremont Consultancy Limited (collectively, the “**Undertaking Ma Entities**”); and

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(c) Mr Lin Yucheng, Joyfield Group Limited, Ms Pan Shuhong and BLP Capital (Singapore) Pte. Ltd. ("**BLP Capital**") (collectively, the "**BLP Concert Party Group**"),

collectively, the "**Undertaking Parties**".

Please refer to paragraph 2.7 of the Circular for details of the Undertaking Parties and the Irrevocable Undertakings.

1.3 THE WHITEWASH RESOLUTION

The fulfilment of the obligations of the Irrevocable Undertakings provided by the BLP Concert Party Group may result in the BLP Concert Party Group increasing their collective shareholdings in the Company to 30.0% or more of the enlarged issued and paid-up share capital of the Company immediately upon completion of the Rights Issue on an as-converted basis (the "**Enlarged Issued Share Capital**"), and subsequently by more than 1.0% in any six (6) month period, arising from the allotment and issuance of Conversion Shares to the BLP Concert Party Group following the exercise of the conversion right in accordance to the terms and conditions of the Convertible Bonds subscribed for pursuant to the Irrevocable Undertakings given by the BLP Concert Party Group.

In such event, the BLP Concert Party Group would incur an obligation to make a mandatory general offer ("**MGO**") for Shares not already owned by the BLP Concert Party Group pursuant to Rule 14.1 of the Singapore Code on Take-overs and Mergers (the "**Code**") unless such obligation is waived by the Securities Industry Council ("**SIC**") on such terms and conditions as it may impose.

On 8 January 2025, the SIC granted the waiver (the "**Whitewash Waiver**") for the BLP Concert Party Group to make a MGO in accordance with Rule 14 of the Code in the event the BLP Concert Party Group increases their aggregate shareholding in the Company to 30.0% or more of the Enlarged Issued Share Capital, or subsequently by more than 1.0% in any six (6) month period, arising from the allotment and issuance of Conversion Shares to the BLP Concert Party Group following the exercise of the conversion right in accordance to the terms and conditions of the Convertible Bonds subscribed for pursuant to the Irrevocable Undertakings given by the BLP Concert Party Group, subject to the satisfaction of certain conditions including, *inter alia*, the Whitewash Resolution is approved by Shareholders who are not related to the BLP Concert Party Group (the "**Independent Shareholders**") at the special general meeting ("**SGM**") of the Company to be held in relation to the Rights Issue; and the Company appoints an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution.

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1.4 THIS IFA LETTER

Xandar Capital Pte. Ltd. ("**Xandar Capital**") has been appointed by the Company to act as the IFA pursuant to the Code as well as to advise the Directors who are considered independent for the purpose of the Whitewash Resolution, namely Mr Guo Hong Xin, Mr Ma Ming, Mr Yang Zheng, Mr Limjoco Ross Yu, Mr Mak Yen-Chen Andrew and Mr Wang Dao Fu (collectively, the "**Independent Directors**") as to whether the terms and conditions of the Rights Issue and the Convertible Bonds, being the subject of the Whitewash Resolution, are fair and reasonable and advise the Independent Directors on the recommendation to be made to the Independent Shareholders in relation to the Whitewash Resolution.

This IFA Letter, which is prepared pursuant to the Code, sets out our evaluation of the Rights Issue and the Whitewash Resolution, and our advice to the Independent Directors thereon. This IFA Letter forms part of the Circular issued by the Company in connection with the Rights Issue.

2. TERMS OF REFERENCE

Xandar Capital has been appointed to act as the IFA pursuant to the Code as well as to advise the Independent Directors as to whether the terms and conditions of the Rights Issue and the Convertible Bonds, being the subject of the Whitewash Resolution, are fair and reasonable and advise the Independent Directors on the recommendation to be made to the Independent Shareholders in relation to the Whitewash Resolution.

We are not and were not involved in any aspect of the negotiations pertaining to the Rights Issue, nor were we involved in the deliberations leading up to the decisions on the part of the Directors to agree on the terms and conditions of the Rights Issue and the Convertible Bonds. Our evaluation is limited to the terms and conditions of the Rights Issue and the Convertible Bonds, and has not taken into account the legal risks, commercial risks or merits, financial risks or merits of the Rights Issue and/or the Convertible Bonds. The risks or merits, whether commercial, financial or otherwise, of the Rights Issue and/or the Convertible Bonds, are solely the responsibility of the Board.

Our terms of reference do not require us to express, evaluate or comment on the rationale for, strategic or commercial merits and/or risks of the Rights Issue, or the future performance or prospects of the Company and its subsidiaries (the "**Group**"). We are, therefore, not expressing any opinion herein as to the future financial or other performance of the Company or the Group, whether with or without the Rights Issue.

Likewise, we are not expressing herein as to the prices at which the Shares may trade upon with the receipt of the Independent Shareholders' approval for the Rights Issue. We are also not addressing the relative merits of the Rights Issue, as compared with any alternative

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transaction previously considered by the Company or that otherwise may become available to the Group in the future given that the terms of transaction previously considered by the Company did not materialise and terms of transactions that otherwise may become available to the Group in the future would only be speculation. Such evaluations or comments remain the responsibility of the Board and the management of the Company.

In the course of our evaluation and for the purpose of our opinion in relation to the Rights Issue for purposes of the Whitewash Resolution, we have held discussions with certain Directors and management of the Company and have examined information provided by the Directors and management of the Company and other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made reasonable enquiries and exercised our judgment as we deemed necessary or appropriate in assessing the reasonable use of such information and are not aware of any reason to doubt the accuracy or reliability of the information.

We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Transactions (as defined in the Circular), and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Group and the Rights Issue, are to the best of their knowledge and belief, fair and accurate in all material aspects.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us in the Circular as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained therein. Shareholders should take note of any announcements relevant to their consideration of the Rights Issue, the Whitewash Resolution, which may be released by the Company after the Latest Practicable Date.

In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any

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individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors immediately.

Our opinion is for the use and benefit of the Independent Directors in their deliberation of the Rights Issue and the Whitewash Resolution, and the recommendations made by the Independent Directors shall remain the responsibility of the Independent Directors.

The Company has been separately advised by its own advisors in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinions, in relation to the Rights Issue and the Whitewash Resolution, should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Independent Directors advise Shareholders to read these pages carefully.

3. THE RIGHTS ISSUE

3.1 BASIS OF THE RIGHTS ISSUE

The Rights Issue is proposed to be made on a renounceable non-underwritten basis to the Entitled Shareholders, on the basis of 125 Convertible Bonds for every 1,000 Shares held by Entitled Shareholders as at the Record Date.

For the avoidance of doubt, an Entitled Shareholder is not required to hold a minimum of 1,000 Shares as at the Record Date in order to be provisionally allotted Convertible Bonds. For illustrative purposes, an Entitled Shareholder who holds eight (8) Shares as at the Record Date will be provisionally allotted one (1) Convertible Bond. An Entitled Shareholder who holds less than eight (8) Shares as at the Record Date will not be provisionally allotted any Convertible Bonds.

As at the Latest Practicable Date, the Existing Share Capital comprises 795,686,142 Shares.

The Company does not have treasury shares and subsidiary holdings.

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As mentioned in previous paragraph, the Company has 1,191,000 ESOS Options exercisable into 1,191,000 ESOS Shares. If all the ESOS Options are exercised and the Company issues 1,191,000 ESOS Shares prior to the Record Date, the Company's share capital would increase to 796,877,142 Shares.

3.2 TERMS AND CONDITIONS OF THE RIGHTS ISSUE AND THE CONVERTIBLE BONDS

We highlight the key terms and conditions of the Rights Issue and the Convertible Bonds material for our assessment of the Rights Issue in the table below:

Issue price of the Convertible Bonds	100% of the principal amount at S\$1.00 for each Convertible Bond, payable in full upon acceptance and/or application.
Form and denomination	The Convertible Bonds will be issued in registered form and in the denomination of S\$1.00 each and integral multiples thereof and will initially be represented by a global certificate registered in the name of, and deposited with The Central Depository (Pte) Limited. Except in the limited circumstances described in the provisions of the global certificate representing the Convertible Bonds, owners of interests in the Convertible Bonds represented by such global certificate will not be entitled to receive definitive security certificates in respect of their individual holdings of Convertible Bonds. The Convertible Bonds which are represented by such global certificate will be transferable only in accordance with the rules and procedures for the time being of The Central Depository (Pte) Limited.
Listing and trading of the Convertible Bonds and the Conversion Shares	<p>On 4 February 2025, the SGX-ST granted approval in-principle for the listing and quotation of the Convertible Bonds and the Conversion Shares on the Official List of the SGX-ST, subject to certain conditions. The approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Convertible Bonds, the Conversion Shares, the Rights Issue, the Company and/or its subsidiaries.</p> <p>Shareholders may wish to note that the Convertible Bonds may not be listed and quoted on the SGX-ST in the event of an insufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the Convertible Bonds. Accordingly, in such event, Bondholders will not be able to trade their Convertible Bonds on the SGX-ST.</p> <p>However, the Convertible Bonds may be traded over-the-counter on the Debt Securities Clearing and Settlement System and will be cleared through CDP. In addition, if the Convertible Bonds are converted into Conversion Shares in accordance with its terms, such Conversion Shares will be listed and quoted on the SGX-ST.</p>

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Maturity date	Five (5) years from the date on which the Convertible Bonds are issued (" Issue Date ").
Coupon	7.00% per annum, payable on a semi-annual basis.
Conversion Price	<p>Subject to adjustments to be set out in the terms and conditions of the Convertible Bonds (the "Terms and Conditions"), the initial Conversion Price at which each Conversion Share will be issued shall be S\$0.25.</p> <p>Please refer to paragraph 3.3 of this IFA Letter for further information relating to the Conversion Price.</p>
Conversion period	Any time on or after the date falling 60 days after the Issue Date up to the close of business on the date falling 15 business days prior to the Maturity Date, excluding Closed Periods (which refers means any period of time (a) during the period of 15 days ending on (and including) the dates for payment of any principal pursuant to the Terms and Conditions; (ii) after a notice of conversion has been delivered with respect to a Convertible Bond; or (iii) during the period from and including the 15 th day before the due date for the payment of interest on a Convertible Bond to and including the due date of payment of interest on a Convertible Bond).
Board representation by holders of the Convertible Bonds (the " Bondholders ")	<p>The Bondholders shall be entitled to nominate a maximum of two (2) persons to the Board of Directors of the Company.</p> <p>Bondholder(s) acting in concert (as defined in the Code) who hold more than 25% of the principal amount of the Convertible Bonds (at Issue Date) shall be entitled to nominate two (2) persons to the Board of Directors of the Company.</p> <p>Subject to the priority of foregoing, Bondholder(s) who hold more than 20% but less than or equivalent to 25% of the principal amount of the Convertible Bonds (at Issue Date) shall be entitled to nominate one (1) person to the Board of Directors of the Company. In the event of competing nominations, Bondholder(s) with the higher percentage shall prevail.</p>

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Excess Cash Dividend	<p>If the Company pays any Excess Cash Dividend (being the Singapore dollars equivalent of any cash dividend to holders of Shares together with all other cash dividends in respect of the same financial year previously paid to holders of Shares) in any financial year, it will simultaneously pay to each Bondholder an additional amount of interest equal to the Excess Cash Dividend Amount (being the Singapore dollars equivalent of an amount equal to the total amount of all cash dividends paid per Share in respect of any applicable financial year minus (i) the Per Share Interest Amount (being an amount equal to (i) the amount of interest that has accrued and will accrue pursuant to the Terms and Conditions on the then outstanding Convertible Bonds in any applicable financial year divided by (ii) the number of Shares into which the then outstanding Convertible Bonds are convertible at the Conversion Price then in effect) for such financial year and (ii) any Excess Cash Dividend Amount in respect of which a payment has been made to the Bondholders previously in such financial year pursuant to the Terms and Conditions) multiplied by the number of Shares into which such Convertible Bond is convertible at the Conversion Price then in effect on the relevant record date for the payment of such Excess Cash Dividend provided that any interest which has accrued on the Convertible Bond and paid to a Bondholder shall be deducted from the Excess Cash Dividend Amount payable to such Bondholder.</p>
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More details on the terms and conditions of the Rights Issue and the Convertible Bonds are set out in paragraph 2.1 of the Circular.

3.3 THE CONVERSION PRICE

The Conversion Price represents a discount of:

- (a) approximately 5.66% to the volume weighted average price (“**VWAP**”) for trades done on the Mainboard of the SGX-ST of S\$0.265 on 6 December 2024, being the last full trading day prior to the Announcement Date (the “**Last Trading Day**”);
- (b) approximately 3.85% to the theoretical ex-rights price of S\$0.260 per Share, calculated based on the VWAP of the Last Trading Day;
- (a) approximately 9.09% to the closing price of S\$0.275 on the Last Trading Day; and
- (b) approximately 6.25% to the theoretical ex-rights price of S\$0.266 per Share, calculated based on the closing price of the Last Trading Day.

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The Conversion Price and discount have been determined by the Directors after taking into account the prevailing market price of the Shares and the size and terms of the Rights Issue.

The Conversion Price will be subject to adjustment in certain events, including:

- (i) consolidation, share buybacks, subdivision or reclassification;
- (ii) capitalisation of profits or reserves;
- (iii) capital distributions;
- (iv) rights issues of Shares or options over Shares;
- (v) rights issues of other securities;
- (vi) issues of Shares at less than the current market price;
- (vii) issues of securities which carry rights of conversion into, or exchange or subscription for, Shares at a consideration less than current market price;
- (viii) modification of rights of conversion, exchange or subscription attaching to any other securities issued and which are convertible into Shares such that the consideration per Share is less than the current market price;
- (ix) issues of securities in the context of an offer to Shareholders; and
- (x) in events or circumstances not otherwise provided in the Terms and Conditions, the use by the Company of a leading independent investment bank of international repute (acting as expert) to determine if the adjustment is fair and reasonable, so as to restore the economic position of the Bondholders after the occurrence of such events or circumstances, to the same position as if the diluting or concentrating effect of such events or circumstances had not occurred.

The adjustments will be determined in accordance with the specified formulas set out in the Terms and Conditions.

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3.4 THE CONVERSION SHARES

The number of Conversion Shares is dependent on whether the ESOS Options are exercised prior to the Record Date and whether all Convertible Bonds are converted into Conversion Shares. We set out the maximum number of Conversion Shares as follows:

	Under the Minimum Rights Issue Scenario where the ESOS Options are <u>not</u> exercised prior to Record Date and all such Convertible Bonds are converted into Conversion Shares	Under the Maximum Rights Issue Scenario where the ESOS Options are exercised prior to Record Date and all such Convertible Bonds are converted into Conversion Shares
Number of Conversion Shares	397,843,068	398,438,568

The Conversion Shares issued upon conversion of the Convertible Bonds will be fully paid and in all respects rank *pari passu* with the Shares in issue on the date the Bondholder is registered as such in the Company's register of members (the "**Registration Date**"), save for any dividends, rights, allotments or other distributions for which the record date precedes the relevant Registration Date of the Convertible Bonds, subject to the Terms and Conditions.

3.5 RATIONALE FOR THE RIGHTS ISSUE

The rationale for the Rights Issue is set out in paragraph 2.4 of the Circular. We extract in *italics* as follows:

*The Company has existing convertible bonds ("**Existing Bonds**") in an aggregate principal amount of approximately US\$130 million, which were issued by the Company in two tranches of aggregate principal amounts of approximately US\$110 million and US\$20 million. In 2015, the Group decided to enter the GI business to capitalise on favourable laws and policies enacted by the PRC government at that time and growing opportunities in the PRC to invest in and operate centralised steam facilities. In order to raise funds to bid for high-value GI projects located in industrial parks that either have economic viability or industry clusters of excellence and expand its GI business in the PRC, the Company obtained Shareholders' approval for and issued convertible bonds with an aggregate principal amount of US\$110 million ("**CB1**") in March 2017. Subsequently, the Company obtained Shareholders' approval for a further issuance of convertible bonds with an aggregate principal amount of up to US\$70 million ("**CB2**"), of which the Company issued convertible bonds with an aggregate principal*

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amount of US\$20 million. The remainder of US\$50 million of approved CB2 was not drawn down and utilised, as the Group had reinvested cashflows from its operating GI projects.

*These Existing Bonds will mature on the later of 3 April 2025 and if so elected by the Existing Bondholders (at their sole discretion) by written notice to the Company delivered not less than ten (10) business days before 3 April 2025, the date that is the 15th business day after the date on which the Company's audited financial statements for 2024 are issued (the "**Existing Bonds Maturity Date**").*

...

*In order to fully repay the aforementioned liabilities in connection with the Existing Bonds, the Company (a) is in the process of undertaking a partial repayment of the Existing Bonds using the current resources of the Group, such repayment to be completed prior to the completion of the Rights Issue ("**Partial Redemption**"), and (b) will be undertaking the Rights Issue, to repay the remaining amount of the aforesaid liabilities in connection with the Existing Bonds.*

*On 20 December 2024, the Company announced that, in order to implement the Partial Redemption, it had entered into an alternative redemption agreement ("**Alternative Redemption Agreement**") with the Existing Bondholders to agree to an alternative redemption arrangement which shall apply in lieu of the redemption mechanism as set out in the terms and conditions of the Existing Bonds. The Company also announced that it intends to undertake the Partial Redemption in tranches and the Partial Redemption is expected to be completed prior to the completion of the Rights Issue. Subsequently on 2 January 2025, the Company announced that it had effected payment of the first tranche of Partial Redemption amounting to a payment of US\$54.00 million (which includes any interests and premium on the portion of the outstanding principal amount of the Existing Bonds redeemed in the first tranche of the Partial Redemption in accordance with the terms of the Alternative Redemption Agreement) to Existing Bondholders. As at the Latest Practicable Date, the outstanding principal amount of the Existing Bonds is approximately US\$83.58 million.*

If the Rights Issue does not proceed, the Company will face an immediate need to re-evaluate alternate funding sources to redeem the Existing Bonds or risk facing default under the terms and conditions of the Existing Bonds.

In light of the above, having considered alternative fundraising methods and the benefits and costs of each, and the funding certainty of the Rights Issue (in light of the Irrevocable Undertakings provided by the Undertaking Parties) in the current volatile market conditions, the Directors believe that the Rights Issue is in the interest of the Company. The Rights Issue will also provide Entitled Shareholders who are confident of the future prospects of the Company with an opportunity to further participate in the equity of the Company through the

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conversion of the Convertible Bonds into Conversion Shares at a reasonable discount (while benefiting from the coupon payments from the Convertible Bonds in the meantime) and will allow the Group to be less reliant on external sources of funding. The financial position of the Group could also be further strengthened in the event the Convertible Bonds were converted into equity, thus extinguishing its redemption obligation.

3.6 USE OF PROCEEDS

Information on the use of proceeds is set out in paragraph 2.5 of the Circular and Shareholders are advised to read the information carefully.

We summarise as follows:

	Under the Minimum Rights Issue Scenario where the ESOS Options are not exercised prior to Record Date	Under the Maximum Rights Issue Scenario where the ESOS Options are exercised prior to Record Date
Number of Convertible Bonds	99,460,767	99,609,642
Gross proceeds raised	S\$99,460,767	S\$99,609,642
Estimated expense	S\$1,100,000	S\$1,100,000
Net proceeds raised	S\$98,360,767 (equivalent to approximately RMB530.0 million or US\$73.0 million)	S\$98,509,642 (equivalent to approximately RMB530.8 million or US\$73.1 million)
Use of net proceeds	The Company intends to use the Net Proceeds for the repayment of the Existing Bonds issued by the Company to Existing Bondholders on or before the Existing Bonds Maturity Date.	

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3.7 IRREVOCABLE UNDERTAKINGS TO SUPPORT THE RIGHTS ISSUE

Please refer to paragraph 2.7 of the Circular for information about the Irrevocable Undertakings. We summarise as follows:

3.7.1 About the Undertaking Parties

The Undertaking Parties and the Convertible Bonds under their Irrevocable Undertakings are as follows:

	Convertible Bonds under the Irrevocable Undertakings (S\$)	Percentage of the Rights Issue ⁽¹⁾
Undertaking Guo Entities	17,454,818	17.52
Undertaking Ma Entities	7,000,000	7.03
BLP Concert Party Group	75,154,824 ⁽²⁾	75.45
Total	99,609,642	100.00

Notes:

- (1) Assuming all the ESOS Options are exercised prior to the Record Date.
- (2) The maximum Convertible Bonds which may be subscribed by the BLP Concert Party Group (also known as the Undertaking Lin and Pan Entities in the Circular), including all the Convertible Bonds which are not taken up by the other Shareholders who are eligible to participate in the Rights Issue or their renounees by way of acceptances and/or excess applications (the “**Lin and Pan Entities Undertaken Excess Convertible Bonds**”).

Undertaking Guo Entities comprises Mr Guo Hong Xin (the Non-Executive Chairman of the Company), Mdm Chen Ping (the spouse of Mr Guo Hong Xin), Allgreat Pacific Limited (an investment holding company wholly owned by Mr Guo Hong Xin) and Sunpower Business Group Pte. Ltd. (an investment holding company wholly owned by Allgreat Pacific Limited).

Undertaking Ma Entities comprises Mr Ma Ming (the Executive Director and Chief Executive Officer of the Company) and Claremont Consultancy Limited (an investment holding company wholly owned by Mr Ma Ming).

Please refer to paragraph 3.7.2 below for further information relating to the BLP Concert Party Group.

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3.7.2 About the BLP Concert Party Group

The BLP Concert Party Group comprises the following:

	Number of Shares held as at the <u>Latest Practicable Date</u>	Percentage shareholding of <u>Existing Share Capital</u>
Mr Lin Yucheng	100,000,000	12.57
Joyfield Group Limited (wholly-owned by Ms Pan Shuhong)	66,154,120	8.31
Ms Pan Shuhong	19,393,198	2.44
BLP Capital	-	-
Total	185,547,318	23.32

The directors of BLP Capital are Mr Lin Yucheng and Ms Pan Shuhong, and the sole shareholder of BLP Capital is BLP Capital Limited. BLP Capital Limited, which in turn is owned by Mr Lin Yucheng and Ms Pan Shuhong, in the shareholding proportion of 60.0% and 40.0% respectively as of the date of its Irrevocable Undertaking and on each day thereafter, down to the completion of the Rights Issue.

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3.7.3 Potential changes to the shareholding in the Company pursuant to the Irrevocable Undertakings and the conversion of Convertible Bonds to Conversion Shares

We summarise as follows:

Where the ESOS Options are not exercised prior to the Record Date

Name	As at the Latest Practicable Date	Resultant shareholdings pursuant to the full conversion of the Convertible Bonds									
		Where ALL Shareholders subscribe for the Convertible Bonds					Where only the Undertaking Parties subscribe for the Convertible Bonds				
		Number of Shares	% of Existing Share Capital	Convertible Bonds Issued (\$\$)	Number of Conversion Shares	Resultant number of Shares	% of Minimum Rights Issue Scenario	Convertible Bonds Issued (\$\$)	No. of Conversion Shares	Resultant number of Shares	% of Minimum Rights Issue Scenario
Mr Lin Yucheng		100,000,000	12.57	12,500,000	50,000,000	150,000,000	12.57	12,500,000	50,000,000	150,000,000	12.57
Joyfield Group Limited		66,154,120	8.31	8,269,265	33,077,060	99,231,180	8.31	8,269,265	33,077,060	99,231,180	8.31
Ms Pan Shuhong		19,393,198	2.44	2,424,149	9,696,596	29,089,794	2.44	2,424,149	9,696,596	29,089,794	2.44
BLP Capital		-	-	3,500,000 ⁽ⁱ⁾	14,000,000	14,000,000	1.17	51,812,535	207,250,140	207,250,140	17.36
BLP Concert Party Group		185,547,318	23.32	35,132,130	140,528,520	326,075,838	27.32	75,005,949	300,023,796	485,571,114	40.68
Undertaking Guo Entities		153,638,554	19.31	17,454,818 ⁽ⁱ⁾	69,819,272	223,457,826	18.72	17,454,818	69,819,272	223,457,826	18.72
Undertaking Ma Entities		66,081,166	8.30	8,260,145	33,040,580	99,121,746	8.30	7,000,000	28,000,000	94,081,166	7.88
Touman Trading Pte. Ltd.		71,428,571	8.98	7,178,571 ⁽ⁱ⁾	28,714,284	100,142,855	8.39	-	-	71,428,571	5.98
Remaining Shareholders		318,990,533	40.09	39,873,819	159,495,276	478,485,809	40.09	-	-	318,990,533	26.73
Grand total		795,686,142	100.00	99,460,767	397,843,068	1,193,529,210	100.00	99,460,767	397,843,068	1,193,529,210	100.00

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Where the ESOS Options are exercised prior to the Record Date

	Resultant shareholdings pursuant to the full conversion of the Convertible Bonds									
	Where ALL Shareholders subscribe for the Convertible Bonds					Where only the Undertaking Parties subscribe for the Convertible Bonds				
As at the Latest Practicable Date										
	Number of Shares	% of Existing Share Capital	Convertible Bonds Issued (\$)	Number of Conversion Shares	Resultant number of Shares	% of Maximum Rights Issue Scenario	Convertible Bonds Issued (\$)	No. of Conversion Shares	Resultant number of Shares	% of Maximum Rights Issue Scenario
Mr Lin Yucheng	100,000,000	12.55	12,500,000	50,000,000	150,000,000	12.55	12,500,000	50,000,000	150,000,000	12.55
Joyfield Group Limited	66,154,120	8.30	8,269,265	33,077,060	99,231,180	8.30	8,269,265	33,077,060	99,231,180	8.30
Ms Pan Shuhong	19,393,198	2.43	2,424,149	9,696,596	29,089,794	2.43	2,424,149	9,696,596	29,089,794	2.43
BLP Capital	-	-	3,500,000 ⁽¹⁾	14,000,000	14,000,000	4.00	51,961,410	207,845,640	207,845,640	17.39
BLP Concert Party Group	185,547,318	23.28	35,132,130	140,528,520	326,075,838	27.28	72,154,824	300,619,296	486,166,614	40.67
Undertaking Guo Entities	153,638,554	19.31	17,454,818 ⁽¹⁾	69,819,272	223,457,826	18.72	17,454,818	69,819,272	223,457,826	18.72
Undertaking Ma Entities	66,081,166	8.29	8,260,145	33,040,580	99,121,746	8.29	7,000,000	28,000,000	94,081,166	7.88
Tourman Trading Pte. Ltd.	71,428,571	8.96	7,178,571 ⁽¹⁾	28,714,284	100,142,855	8.38	-	-	71,428,571	5.98
ESOS Shares	1,191,000	0.15	148,875	595,500	1,786,500	0.15	-	-	1,191,000	0.10
Remaining Shareholders	318,990,533	40.03	39,873,816	159,495,276	478,485,809	40.03	-	-	318,990,533	26.69
Grand total	795,686,142	100.00	99,609,642	398,438,568	1,195,315,710	100.00	99,609,642	398,438,568	1,195,315,710	100.00

Note:

(1) Assuming that BLP Capital will subscribe for the Convertible Bonds not subscribed in respect of the 28,000,000 Shares of Sunpower Business Group Pte. Ltd. and Tourman Trading Pte. Ltd. provided as collateral pursuant to loan agreements entered into by Sunpower Business Group Pte. Ltd. and Tourman Trading Pte. Ltd.

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Shareholders may wish to note that the above shareholding effects are calculated on the basis that the Existing Bondholders elect not to convert their Existing Bonds at maturity.

4. THE WHITEWASH WAIVER

The full conditions of the Whitewash Waiver granted by the SIC ("**SIC Conditions**") is set out in paragraph 3.3 of the Circular.

As at the Latest Practicable Date, save for the conditions set out in paragraphs 3.3 (a), (i) and (i) of the Circular, all the other SIC Conditions set out in paragraph 3.3 of the Circular have been satisfied.

Independent Shareholders should note that:

- (a) **by voting for the Whitewash Resolution, they will be waiving their rights to receive a general offer from the BLP Concert Party Group at the highest price paid by the BLP Concert Party Group and its concert parties for Shares in the past six (6) months preceding the Announcement Date which they would have otherwise been obliged to make for the Shares pursuant to Rule 14 of the Code;**
- (b) **as the Whitewash Resolution involves Convertible Bonds, by voting for the Whitewash Resolution, they could be foregoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Convertible Bonds; and**
- (c) **the subscription by the BLP Concert Party Group (also known as the Undertaking Lin and Pan Entities in the Circular) of their provisional allotments of Convertible Bonds under the Rights Issue and the Lin and Pan Entities Undertaken Excess Convertible Bonds may result in the BLP Concert Party Group becoming the single largest Shareholder holding approximately 40.67% of the total voting rights in the Company in the Maximum Rights Issue Scenario and approximately 40.68% of the total voting rights in the Company in the Minimum Rights Issue Scenario based on the Enlarged Issued Share Capital and may have overall control of the operations of the Group.**

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5. WHITEWASH RESOLUTION AND ABSTENTION FROM VOTING

Pursuant to the Code and the SIC Conditions, the BLP Concert Party Group and parties not independent of them shall abstain from voting on the Whitewash Resolution.

As set out in paragraph 9 of the Circular, the BLP Concert Party Group as well as parties not independent of them shall abstain from voting at the SGM on Ordinary Resolution 2 in relation to the Whitewash Resolution.

6. EVALUATION OF THE WHITEWASH RESOLUTION

In our evaluation of the Rights Issue and the Whitewash Resolution, we have given due consideration to the following key factors:

- (a) the Convertible Bonds being offered to Entitled Shareholders on a *pro rata* basis;
- (b) rationale of the Rights Issue;
- (c) the financial position of the Group;
- (d) the cash flows of the Group;
- (e) evaluation of the Conversion Price;
- (f) the financial effects of the Rights Issue;
- (g) other relevant considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

6.1 THE CONVERTIBLE BONDS ARE BEING OFFERED TO ENTITLED SHAREHOLDERS ON A *PRO RATA* BASIS

The Rights Issue will be offered to Entitled Shareholders on a *pro rata* basis.

In the allotment of excess Convertible Bonds, preference will be given to the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of Directors of the Company, will rank last in priority for the rounding of odd lots and the allotment of excess Convertible Bonds. As substantial Shareholders as well as subject of the Whitewash Waiver,

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entities within the BLP Concert Party Group will also rank last in priority for the rounding of odd lots and the allotment of excess Convertible Bonds.

Accordingly, Shareholders (other than the Undertaking Parties which comprise Mr Guo Hong Xin and Mr Ma Ming, both of whom are Directors of the Company, associates of Mr Guo Hong Xin and Mr Ma Ming, and the BLP Concert Party Group which is the subject of the Whitewash Waiver) who submit their applications and payments for the Convertible Bonds on or before the closing date of the Rights Issue will be first allotted their entitlement of the Convertible Bonds. Thereafter, any Convertible Bonds not allotted will first be allotted to satisfy the rounding of odd lots and then to satisfy application for excess Convertible Bonds by Independent Shareholders. The Undertaking Parties will rank last in priority in the allotment of excess Convertible Bonds.

Hence, Independent Shareholders will not be disadvantaged or prejudiced in their subscription of the Convertible Bonds or the allotment of the excess Convertible Bonds.

In the event that the Convertible Bonds are fully subscribed for by all Entitled Shareholders and all Convertible Bonds are fully converted to Conversion Shares, the shareholding percentages of the Independent Shareholders in the Company will remain unchanged.

6.2 RATIONALE OF THE RIGHTS ISSUE

The rationale of the Rights Issue is set out in paragraph 3.5 of this IFA Letter. As set out paragraph 3.6 of this IFA Letter, the net proceeds of the Rights Issue will be utilised to repay the Existing Bonds which will mature on 3 April 2025 and in the case of excess net proceeds after repayment of Existing Bonds, be utilised for working capital purposes.

We compare the key terms of the Convertible Bonds with the key terms of the Existing Bonds as follows:

	Existing Bonds	Convertible Bonds
Principal	US\$130 million	S\$99.46 to S\$99.61 million
Coupon	10% redemption yield-to-maturity ("Redemption YTM") including the 2.5% per annum, payable annually ⁽¹⁾	7% per annum, payable semi-annually

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	Existing Bonds	Convertible Bonds
Tenure	US\$110 million for eight (8) years from 2017 US\$20 million for seven (7) years from 2018	Five (5) years from Issue Date
Default coupon rate	20% internal rate of return	NIL
Conversion price	S\$0.50 for CB1 and S\$0.60 for CB2 ⁽²⁾	S\$0.25
Excess cash dividends	If the Company pays any Excess Cash Dividend in any financial year, it will simultaneously pay to each holder of the Existing Bond an additional amount of interest equal to the amount of the Excess Cash Dividend multiplied by the number of Shares into which such Existing Bond is convertible at the Conversion Price then in effect on the relevant record date for the payment of such Excess Cash Dividend	If the Company pays any Excess Cash Dividend in any financial year, it will simultaneously pay to each Bondholder an additional amount of interest equal to the amount of the Excess Cash Dividend Amount multiplied by the number of Shares into which such Convertible Bond is convertible at the Conversion Price then in effect on the relevant record date for the payment of such Excess Cash Dividend <u>provided that any interest which has accrued on the Convertible Bond and paid to a Bondholder shall be deducted from the Excess Cash Dividend Amount payable to such Bondholder.</u>

Notes:

- (1) While the coupon rate has been 2.5% per annum since the Existing Bonds were issued, we have also adopted the 10% Redemption YTM, being the total internal rate of return applicable with the extension of the maturity date of the Existing Bonds from 17 April 2023 to the later of (i) 3 April 2025; or (ii) if so elected by the holders of the Existing Bonds, the date that is the 15th business day after the date on which the Company's audited financial statements for the financial year ending 31 December 2024 are issued, as set out in the Company's circular dated 11 July 2023.
- (2) The conversion price of the Existing Bonds is subject to adjustments, in particular, if the Group fails to meet certain financial performance set by the holders of the Existing Bonds. Had the conversion price of the Existing Bonds be adjusted to S\$0.264 as set out Company's circular dated 11 July 2023, the holders of the Existing Bonds will hold 46% interest in the enlarged share capital of the Company (based

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on Existing Share Capital without the effects of the ESOS Shares or Conversion Shares) if they choose to convert the Existing Bonds.

As set out in paragraph 2.4 of the Circular, as at the Latest Practicable Date, the Company is not aware of any intention of the Existing Bondholders to convert their Existing Bonds into Shares.

If the Existing Bondholders elect not to convert their Existing Bonds at maturity and the Company is unable to repay the redemption amount of the Existing Bonds then, the default coupon rate of 20% internal rate of return will be applicable.

The coupon rate of the Convertible Bonds is lower than the coupon rates of the Existing Bonds (whether the 10% internal rate of return under redemption on maturity date of the Existing Bonds or the 20% internal rate of return in the event of a default).

As set out in paragraph 2.4 of the Circular, as at the Latest Practicable Date, the outstanding principal amount of the Existing Bonds is approximately US\$83.58 million. In order to fully redeem the Existing Bonds at the Existing Bonds Maturity Date, the Company intends to secure additional bank loans of up to US\$28.82 million (approximately S\$38.75 million) and raise a minimum amount of approximately S\$96.84 million through the Rights Issue.

6.2.1 Terms of the Rights Issue as compared with terms of precedent rights issue of convertible securities

We compare the key terms (other than the Conversion Price which is evaluated in paragraph 7.5 of this IFA Letter) with the key terms of rights issues of convertible securities by companies listed on the SGX-ST which are announced and completed between 1 January 2021 and the Latest Practicable Date ("**Precedent Rights Issues of Convertible Securities**") as follows:

Name of companies	Date of announcement	Discount of issue price to principal of the convertible securities (%)	Coupon per annum (%)	Tenure	Status of convertible securities
First Sponsor Group Limited	25 July 2024	-	4.85	Perpetual	Listed and traded on Mainboard
GSH Corporation Limited	28 June 2024	-	6.0	1 year	Listed and traded on Mainboard

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Name of companies	Date of announcement	Discount of issue price to principal of the convertible securities (%)	Coupon per annum (%)	Tenure	Status of convertible securities
Addvalue Technologies Ltd	7 July 2022	(6.9)	6.0	5 years	Listed and traded on Mainboard
Raffles Education Corporation Limited	7 June 2022	(15)	6.0	5 years	Listed and traded on Mainboard
GSH Corporation Limited	30 June 2021	-	5.2	3 years	Listed and traded on Mainboard
Singapore Airlines Limited	19 May 2021	-	Annual yield of between 4% and 6% if the bonds are redeemed before maturity	9 years	Listed and traded on Mainboard
The Company	9 December 2024	-	7.0	5 years	To be listed and traded on Mainboard

We highlight as follows:

- (a) the Convertible Bonds are issued at its face value which is generally in line with most of the Precedent Rights Issues of Convertible Securities;
- (b) the tenure of the Convertible Bonds is also in line with most of the Precedent Rights Issues of Convertible Securities; and
- (c) the coupon per annum of the Convertible Bonds is higher than the coupon per annum of the Precedent Rights Issues of Convertible Securities. However, Independent Shareholders should also note that the coupon per annum of the Convertible Bonds is lower than those of the Existing Bonds as set out in paragraph 6.1 of this IFA Letter.

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6.3 THE FINANCIAL POSITION OF THE GROUP

The Company published its latest financial statements, which is its unaudited consolidated financial results for the nine months ended 30 September (“9M”) 2024 on 14 November 2024.

We set out a summary of its financial position, taking into consideration the financial effects of the Company’s Existing Bonds as at 30 September 2024 as follows:

RMB’000	Unaudited as at 30 September 2024
Current assets	1,991,153
Current liabilities	(2,959,430)
Net current liabilities	(968,277)
Non-current assets	5,603,471
Non-current liabilities	(2,127,664)
Net asset value (“NAV”)	2,507,530
Less: Non-controlling interest	(506,727)
NAV attributable to Shareholders	2,000,803
Less: Intangible assets and goodwill ⁽¹⁾	(4,650,593) ⁽²⁾
Net tangible liabilities attributable to Shareholders	(2,649,790)

Note:

- (1) The Group has Build-Operate-Transfer (“BOT”) projects which involve the Group constructing infrastructure in exchange for the right to operate the infrastructure and to charge for utilities generated at the infrastructure for finite periods in the future, based on consumption of utilities by end-users in the future. The Group has entered into BOT arrangements in respect of construction and operation of centralised steam and electricity facilities with the local government authorities. Under the terms of the arrangement, upon expiry of the respective BOT arrangements, the infrastructure is transferrable to the local government if requested by the local government. Intangible assets arising from costs incurred during the construction phase which are projected to be recoverable during the operating period are recognised in accordance with *SFRS(I) INT 12 Service Concession Arrangements*. As at 30 September 2024, such service concession arrangements account for approximately 79.86% of the intangible assets and goodwill of the Group.

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- (2) Assuming all of the intangible assets and goodwill are attributable to the Group rather than the non-controlling interest. Nevertheless, the Group will still have net tangible liabilities if the intangible assets and goodwill (including the service concession arrangements) are deducted from the Group's NAV rather than the NAV attributable to Shareholders.

We highlight the following in respect of the Group's financial position as at 30 September 2024:

- (a) the Group had negative working capital of approximately RMB968.28 million (equivalent to approximately S\$176.81 million based on the midday average interbank exchange of S\$1.00 to RMB5.4765 as at 30 September 2024 (the **"30 Sep 2024 Exchange Rate"**) extracted from the website of the Monetary Authority of Singapore). In our review of the Group's financial position for the last three financial years ended 31 December (**"FY"**) 2021, 2022 and 2023, we note that the Group's working capital had been mostly negative as follows:

RMB'000	As at 31 December			As at 30 September 2024
	2021 (Audited)	2022 (Audited)	2023 (Audited)	2024 (Unaudited)
Current assets	1,367,572	1,927,315	1,984,661	1,991,153
Current liabilities	(1,476,474)	(2,964,424)	(1,931,542)	(2,959,430)
Net current assets / (liabilities)	(108,902)	(1,037,109)	53,119	(968,277)
Current ratio	0.93	0.65	1.03	0.67

The Group's negative working capital as at 30 September 2024 was mainly due to the re-classification of the Existing Bonds from non-current liabilities as at 31 December 2023 to current liabilities as at 30 September 2024 as the Existing Bonds had remaining tenure of less than 12 months as at 30 September 2024.

While the net proceeds of the Convertible Bonds will not turnaround the negative working capital position of the Group (as the net proceeds of the Convertible Bonds (which will be classified under liabilities when issued) will be utilised to redeem the Existing Bonds (which is classified under liabilities)), we calculate that the Group's current ratio as at 30 September 2024 will improve to 0.82 times upon the completion of the Rights Issue, the proceeds of which will be applied to partially redeem the Existing Bonds, and assuming the remaining portion of the Existing Bonds be repaid with new current liabilities of the Group.

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- (b) the Group had net tangible liabilities (before excluding non-controlling interest) of approximately RMB2.14 billion as at 30 September 2024. We calculate that the Group had net tangible liabilities for the past three financial years and latest interim nine months period ended 30 September 2024 as follows:

RMB'000	As at 31 December			As at 30 September 2024
	2021 (Audited)	2022 (Audited)	2023 (Audited)	(Unaudited)
Total assets	6,617,762	7,668,613	7,629,095	7,594,624
Total liabilities	(4,753,931)	(5,618,764)	(5,316,426)	(5,087,094)
NAV	1,863,831	2,049,849	2,312,669	2,507,530
Less: Intangible assets and goodwill	(4,250,628)	(4,738,390)	(4,751,359)	(4,650,593)
Net tangible liabilities	(2,386,797)	(2,688,541)	(2,438,690)	(2,143,063)

Similarly, the net proceeds from the issue of the Convertible Bonds will not turnaround the net tangible liabilities position of the Group (as the net proceeds of the Convertible Bonds (which will be classified under liabilities when issued) will be utilised to redeem the Existing Bonds (which is classified under liabilities)). However, the Group's net tangible liabilities will reduce to RMB1.61 billion if all the Convertible Bonds are converted to Conversion Shares.

As mentioned in earlier paragraph, the intangible assets of the Group included service concession arrangements which are recognised as intangible assets in accordance with *SFRS(I) INT 12 Service Concession Arrangements*. As at 30 September 2024, such service concession arrangements accounted for approximately 79.86% of the intangible assets and goodwill of the Group. Had these service concession arrangements be carried as non-intangible assets instead of intangible assets, the Group would have transformed its net tangible liabilities into net tangible assets ("NTA"). However, we note that the Comparable Companies (as set out in paragraph 6.5.3 of this IFA Letter) had also included service concession arrangements as intangible assets. Accordingly, the price-to-NTA ("P/NTA") ratios set out in paragraph 6.5.3 of this IFA Letter have been presented without excluding the service concession arrangements from the intangible assets of the Group and the Comparable Companies.

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(c) the Group had high gearing ratio. We set out as follows:

RMB'000	As at 31 December			As at 30 September 2024
	2021 (Audited)	2022 (Audited)	2023 (Audited)	(Unaudited)
Non-current liabilities – bank borrowings	2,142,726	2,424,490	2,191,842	1,911,010
Non-current liabilities – Existing Bonds	909,727	-	973,845	-
Non-current liabilities – lease liabilities	5,506	4,184	1,737	1,097
Current liabilities – bank borrowings	594,006	918,485	1,191,484	1,310,986
Current liabilities – Existing Bonds	-	892,707	-	1,017,262
Current liabilities – lease liabilities	1,652	1,646	1,235	1,264
Total borrowings (including Existing Bonds)	3,653,617	4,241,512	4,360,143	4,241,619
Less: Cash and cash equivalents and pledged bank deposits	459,189	714,010	747,766	651,336
Net debt	3,527,502	3,527,502	3,612,377	3,590,283
Gearing ratio ⁽¹⁾	1.96	2.07	1.89	1.69
Net gearing ratio ⁽²⁾	1.71	1.72	1.56	1.43

Notes:

(1) Being total borrowings (including Existing Bonds) divided by NAV.

(2) Being net debt divided by NAV.

As set out above, the Group's gearing ratios and net gearing ratios are higher than 1.0 time indicating that the Group is very reliant on borrowings for its operations.

The net proceeds from the issue of the Convertible Bonds will not have any effect to the gearing ratio and net gearing ratio of the Group (as the net proceeds of the

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Convertible Bonds (which will be classified under liabilities when issued) will be utilised to redeem the Existing Bonds (which is classified under liabilities)). However, the Group's gearing ratio and net gearing ratio will improve to 1.22 times and 1.0 times if all the Convertible Bonds are converted to Conversion Shares.

Based on the NAV above and the Existing Share Capital of 795,686,142 Shares, we calculate the NAV per Share to be RMB2.51 (equivalent to S\$0.46 based on 30 Sep 2024 Exchange Rate) as at 30 September 2024. The Conversion Price is hence at a discount of S\$0.21 cents (or 45.55%) to the NAV per Share and represents a price-to-NAV ("**P/NAV**") ratio of 0.54 times.

All Entitled Shareholders will enjoy the same discount to the NAV per Share if all Entitled Shareholders subscribe for their pro rata entitlements of the Convertible Bonds under the Rights Issue and exercise their rights to convert the Convertible Bonds to Conversion Shares.

Conversely, Shareholder who does not subscribe for his/her/its pro rata entitlements of the Convertible Bonds under the Rights Issue and does not exercise his/her/its rights to convert the Convertible Bonds to Conversion Shares will have dilution to (a) his/her/its percentage shareholding in the Company (the maximum percentage shareholding dilution is set out in paragraph 6.7.2 of this IFA Letter); and (b) lower NAV per Share held as the Conversion Shares will be issued at a discount to the NAV per Share as at 30 September 2024 (depending on the exchange rate applicable to calculate the proceeds from the Rights Issue and the number of Conversion Shares issued).

6.4 THE CASH FLOWS OF THE GROUP

As set out in Section 2.4 of the Circular, the Company is undertaking the Rights Issue to raise proceeds for the repayment of the remaining amount of the Existing Bonds due and payable in April 2025 and which are not repaid with the current resources of the Group. Accordingly, the cash flow of the Group, rather than its profits, is relevant in our evaluation of the Rights Issue and the Whitewash Resolution.

We summarise the cash flows of the Group as follows:

RMB'million	FY2021	FY2022	FY2023	9M2024
Net cash generated from operating activities	207.3	305.2	463.2	234.3
Net cash (used in)/generated from investing activities	488.1	(624.7)	(423.7)	(133.6)
Net cash (used in)/generated from financing activities	(831.5)	506.2	38.3	(235.9)

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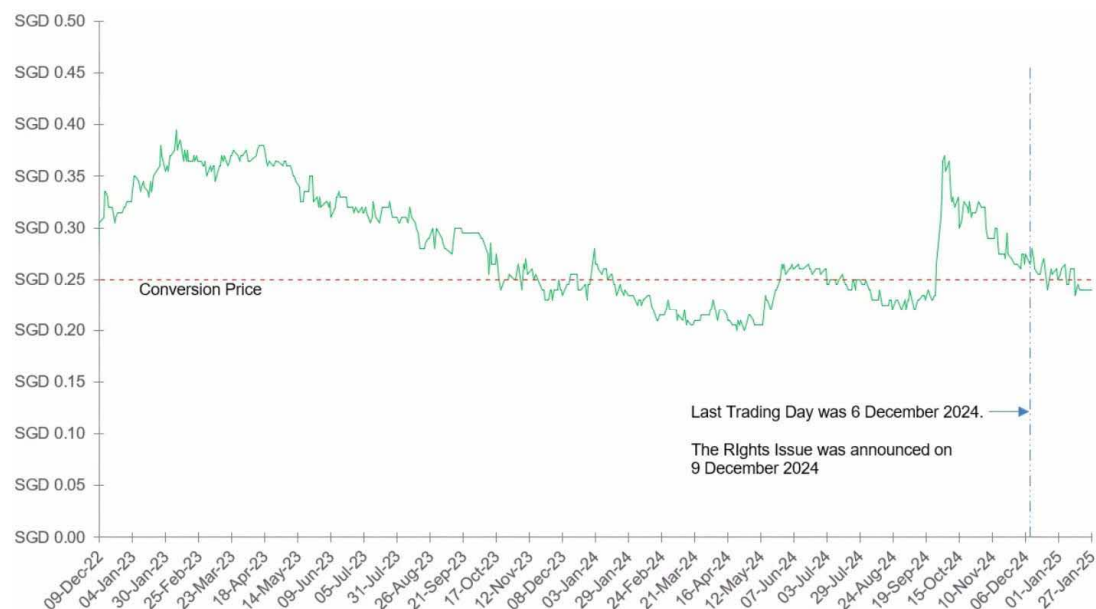
RMB'million	FY2021	FY2022	FY2023	9M2024
Net increase/(decrease) in cash and cash equivalents	(136.1)	186.7	77.8	(135.3)
Cash and cash equivalents at end of financial year/period	398.4	585.3	663.1	527.8

As set out in the above table, the Group generated positive cash flow from its operating activities for the above period under review. Despite the positive operating cash flows, as at 30 September 2024, the cash and cash equivalents of the Group is not sufficient for the repayment of the remaining balance of the Existing Bonds which amounted to US\$83.58 million as at the Latest Practicable Date.

6.5 EVALUATION OF THE CONVERSION PRICE

6.5.1 Versus the market prices of the Shares

We compare the Conversion Price to the historical closing prices of the Company from 7 December 2022, being 24 months to 6 December 2024, being the Last Trading Day, up to the Latest Practicable Date as follows (“**Comparison Period**”):



As set out above, the Conversion Price is generally at a discount to the historical closing prices of the Shares during the Comparison Period.

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We also compare the Conversion Price to the VWAPs and trading prices of the Shares for the Comparison Period as follows:

	VWAP ⁽¹⁾ (S\$)	Discount of the Conversion Price to VWAP (%)	Highest traded price (S\$)	Lowest traded price (S\$)
<u>Periods prior to and including the Last Trading Day</u>				
Last 24 months	0.312	(19.87)	0.400	0.200
Last 12 months	0.278	(10.07)	0.380	0.200
Last 6 months	0.298	(16.11)	0.380	0.200
Last 3 months	0.312	(19.87)	0.380	0.220
Last 1 month	0.275	(9.09)	0.305	0.260
The Last Trading Day	0.265	(5.66)	0.275	0.265
Announcement Date	0.267	(6.37)	0.275	0.265
<u>Period after the Announcement Date</u>				
Up to the Latest Practicable Date	0.264	(5.30)	0.305	0.230
27 January 2025, being the Latest Practicable Date	0.240	4.17	0.240	0.240

Source: Bloomberg Finance L.P.

Note:

(1) Presented in three (3) decimal places.

As set out in the table above, the Conversion Price represents discounts to the VWAPs of the Shares for the various periods prior to and including the Last Trading Day, which is generally in line with recent rights issue undertaken by companies listed on the SGX-ST as set out below.

While the Conversion Price is at a premium to the VWAP for the Latest Practicable Date, it is at a discount of 5.30% to the VWAP of the Shares for the period after the Announcement Date up to the Latest Practicable Date.

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6.5.2 Versus the statistics of recent rights issues of shares

We compare the statistics of the Rights Issue with rights issues of shares by companies listed on the SGX-ST which are announced and completed between 1 January 2023 and the Latest Practicable Date ("Recent Rights Issues") as follows:

SGX-ST listed company	Date of announcement	Basis	Last transacted share price prior to announcement	Issue price of Rights Shares or conversion price of convertible security	(Discount)/ Premium of issue price/conversion price to last transacted share price prior to announcement (%)	(Discount)/ Premium of issue price/conversion price to theoretical ex-rights share price (%) ⁽²⁾	(Discount)/ Premium of issue price/conversion price to latest NAV per share (%)
GSS Energy Limited	23-Oct-24	9 rights shares for 10 existing shares	\$0.030	\$0.013	(56.7)	(40.8)	(80.9)
HG Metal Manufacturing Limited	11-Oct-24	10 rights shares for 27 existing shares	\$0.305	\$0.266	(12.8)	(8.3)	(52.8)
Clearbridge Health Limited	27-Sep-24	2 rights shares for 1 existing share	\$0.009	\$0.002	(77.8)	(62.8)	(83.5)
Aspial Lifestyle Limited	21-Aug-24	1 rights share for 5 existing shares	\$0.126	\$0.120	(4.8)	(4.0)	6.2
GSH Corporation Limited - convertible bonds issued at 6.9% discount to principal	28-Jun-24	17 bonds for 400 existing shares	\$0.154	\$0.170	10.4	8.1	1.0
GS Holdings Limited	18-Jun-24	2 rights shares for 1 existing share	\$0.017	\$0.015	(11.8)	(6.3)	Net liabilities position

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SGX-ST listed company	Date of announcement	Basis	Last transacted share price prior to announcement	Issue price of Rights Shares or conversion price of convertible security	(Discount)/ Premium of issue price/conversion price to last transacted share price prior to announcement (%)	(Discount)/ Premium of issue price/conversion price to theoretical ex-rights share price ⁽²⁾ (%)	(Discount)/ Premium of issue price/conversion price to latest NAV per share (%)
Y Ventures Group Ltd	28-May-24	1 rights share for 1 existing share	\$0.012	\$0.004	(66.7)	(50.0)	Net liabilities position
First Sponsor Group Limited - convertible securities issued at face value of principal	25-Jul-24	1 convertible security for 5 existing shares	\$1.085	\$1.080	(0.5)	(0.5)	(38.7)
Asiaphos Limited	28-Mar-24	1 rights share for 2 existing shares	\$0.008	\$0.0054	(32.5)	(23.9)	191.0
The Trendlines Group Ltd	26-Mar-24	1 rights share for 14 existing shares	\$0.083	\$0.060	(27.7)	(21.1)	(38.5)
Shanaya Limited	30-Dec-23	1 rights share for 1 existing share	\$0.050	\$0.025	(50.0)	(33.3)	(8.6)
A-Smart Holdings Ltd	01-Dec-23	1 rights share for 2 existing shares	\$0.180	\$0.100	(44.4)	(33.3)	(11.0)
Miyoshi Limited	28-Nov-23	3 rights share for 4 existing shares	\$0.013	\$0.004	(69.2)	(56.0)	(90.0)
Pacific Radiance Ltd	03-Nov-23	3 rights shares for 1 existing share	\$0.041	\$0.0230	(43.9)	(16.4)	(74.6)

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SGX-ST listed company	Date of announcement	Basis	Last transacted share price prior to announcement	Issue price of Rights Shares or conversion price of convertible security	(Discount)/ Premium of issue price/conversion share price prior to announcement (%)	(Discount)/ Premium of issue price/conversion price to theoretical ex-rights share price ⁽²⁾ (%)	(Discount)/ Premium of issue price/conversion price to latest NAV per share (%)
MM2 Asia Ltd	29-Sep-23	1 rights share for 2 existing shares	\$0.040	\$0.0200	(50.0)	(40.0)	2.2
Meta Health Limited	08-Aug-23	9 rights shares for 10 existing shares	\$0.013	\$0.0055	(57.7)	(41.8)	23.4
ISOTEAM Ltd	26-Jun-23	1 rights share for 1 existing share	\$0.076	\$0.0300	(60.5)	(43.4)	(59.4)
Asiatic Group (Holdings) Limited	31-Mar-23	13 rights shares for 10 existing shares	\$0.003	\$0.0027	(10.0)	(4.6)	(62.1)
Travelite Holdings Ltd	24-Mar-23	1 rights shares for 2 existing shares	\$0.091	\$0.080	(12.1)	(8.4)	(79.9)
SATS Ltd	22-Feb-23	323 rights shares for 1000 existing shares	\$2.750	\$2.2000	(20.0)	(15.9)	0.6
Highest discount					(77.8)	(62.8)	(90.0)
Highest premium					10.4	8.1	191.0
Average					(36.1)	(26.2)	(22.1)
Median					(43.9)	(23.9)	(38.5)

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SGX-ST listed company	Date of announcement	Basis	Last transacted share price prior to announcement	Issue price of Rights Shares or conversion price of convertible security	(Discount)/ Premium of issue price to last transacted share price prior to announcement (%)	(Discount)/ Premium of issue price/ conversion price to theoretical ex-rights share price ⁽²⁾ (%)	(Discount)/ Premium of issue price/ conversion price to latest NAV per share (%)
The Company - Convertible Bonds to be issued at face value of principal	9-Dec-24	125 Convertible Bonds for every 1,000 Shares held	\$0.275	\$0.0250	(9.1)	(6.3)	(45.6)

Notes:

- (1) These companies disclosed volume weighted average price ("VWAP") instead of last traded prices in their offer information statements.
- (2) The theoretical ex-rights share price (including the Company's) is obtained by the following formula:
- $$\frac{\text{(number of existing shares to rights shares X last trade price)} + \text{(number of rights shares X issue price)}}{\text{(number of existing shares to rights shares + number of rights shares)}}$$

For comparative purposes, the percentage discount of issue price of the rights shares to the theoretical ex-rights share price are formulated without rounding the discount and the theoretical ex-rights share price of the Company and the Recent Rights Issues.

As set out in the table above, the discounts to closing price, discount to theoretical ex-conversion price and discount to NAV per Share represented by the Conversion Price are within the range of statistics of the Recent Rights Issues. While the discount to the NAV per Share represented by the Conversion Price is higher than the mean and median discounts to NAV per share of the Recent Rights Issues, the discounts to the closing price and theoretical ex-conversion price represented by the Conversion Price are lower than the mean and median discounts to the closing prices and theoretical ex-conversion prices of the Recent Rights Issues.

Two of the Recent Rights Issues relate to rights issue of convertible securities, namely First Sponsor Group Limited and GSH Corporation Limited. While the discount to last transacted share price and NAV per Share represented by the Conversion Price is higher than the corresponding discounts or premium represented by the conversion price of the convertible securities of First Sponsor Group Limited and GSH Corporation Limited, Independent Shareholders may wish to note that the Group had net tangible liabilities as at 30 September 2024 whereas First Sponsor Group Limited and GSH Corporation Limited had positive net tangible assets for their latest financial reporting period prior to their rights issues.

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6.5.3 Versus the statistics of companies comparable to the Group

We also compare the statistics represented by the Conversion Price with companies listed on the SGX-ST with operations similar to the Group (mainly in the operation of build, operate and transfer facilities business) (the “**Comparable Companies**”) as follows:

	Market capitalisation as at Latest Practicable Date	Net profit	EV/ EBITDA ratio	P/E ratio	P/NAV ratio	P/NTA ratio	Gearing
	(\$ million)	(\$ million)	(times)	(times)	(times)	(times)	(times)
China Everbright Water Ltd – Municipal wastewater treatment, industrial wastewater treatment, water supply, reusable water, sludge treatment and disposal	672.3	191.6	8.8	3.5	0.3	0.5	1.2
China International Holdings Ltd – Water supply and wastewater treatment services	3.4	(33.4)	11.3	Negative as loss making	0.1	0.1	0.3
Darco Water Technologies Ltd – Wastewater treatment and supply of potable water and industrial water	6.8	(5.4)	Negative EBITDA	Negative as loss making	0.2	0.5	0.2
Memiontec Holdings Pte Ltd – Total solutions for water and wastewater management	7.9	3.3	1.5	2.4	0.3	0.3	0.7
SIIC Environment Holdings Ltd – Water and sludge treatment, supply of water and waste incineration	394.1	96.9	10.3	4.1	0.2	1.8	1.4
Zheneng Jinjiang Environment Holding Co Ltd – Waste to energy with sale of electricity and steam	649.4	41.5	9.9	15.7	0.5	1.3	1.7
Maximum			11.3	15.7	0.5	1.8	1.7
Minimum			1.5	2.4	0.1	0.1	0.2

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	Market capitalisation as at Latest Practicable Date (S\$'million)	Net profit (S\$'million)	EV/ EBITDA ratio (times)	P/E ratio (times)	P/NAV ratio (times)	P/NTA ratio (times)	Gearing (times)
Mean			8.4	6.4	0.3	0.8	0.9
Median			9.9	3.8	0.3	0.5	1.0
The Company (based on Enlarged Share Capital)	268.4	27.1	5.5	12.1	0.5	Negative	1.7

Note:

Negative ratios are not meaningful and disregarded in the identification of lowest comparable ratios and calculations of mean and median ratios.

We note the following:

- (a) while the EV/EBITDA ratio of the Group represented by the Conversion Price is below the range of the Comparable Companies, the P/E ratio of the Group represented by the Conversion Price is within the range and higher than the mean and median P/E ratios of the Comparable Companies. It should also be noted that the Group's gearing ratio is at the higher range of the Comparable Companies; and
- (b) the P/NAV ratio of the Group represented by the Conversion Price is higher than the mean and median P/NAV ratios of the Comparable Companies.

Shareholders should note that the above comparison are purely illustrative as none of the Comparable Companies can be considered as direct comparable to the Group, and the above comparison also does not take into consideration factors which may affect the financial performance and position of the Comparable Companies such as the size and scale of operations, risk profile, geographical segments, operating and financial leverage, accounting policies, tax factors and future prospects.

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6.6 FINANCIAL EFFECTS OF THE RIGHTS ISSUE AND THE CONVERSION OF THE CONVERTIBLE BONDS

The full text of the proforma financial effects of the Rights Issue and the conversion of the Convertible Bonds is set out in paragraph 5 of the Circular.

In summary, we note the following:

- (a) the NAV per Share will decrease by approximately RMB0.39 (or approximately 15.5%) per Share from RMB2.5146 per Share as at 30 September 2024 to RMB2.1245 assuming the full conversion of the Convertible Bonds;
- (b) the earnings per Share for FY2023 will decrease by approximately RMB0.0738 (or approximately 33.41%) per Share from RMB0.2209 per Share to RMB0.1471 assuming the full conversion of the Convertible Bonds; and
- (c) the earnings per Share for 9M2024 will decrease by approximately RMB0.0421 (or approximately 33.39%) per Share from RMB0.1261 per Share to RMB0.0840 assuming the full conversion of the Convertible Bonds,

as the Conversion Shares will be issued at a discount to the NAV per Share and the dilutive impact of the Conversion Shares.

The proforma financial effects in paragraph 5 of the Circular as summarised above are the maximum dilution to the NAV per Share and earnings per Share assuming the full conversion of the Convertible Bonds. If all Entitled Shareholders subscribe for their pro rata entitlements of the Convertible Bonds under the Rights Issue and exercise their rights to convert the Convertible Bonds to Conversion Shares, the dilution impact to all Shareholders will be the same.

As set out in paragraph 5 of the Circular, the issue of the Convertible Bonds under the Rights Issue will not have an effect on the issued share capital of the Company, the NAV per Share and earnings per Share unless and until the Convertible Bonds are converted into Conversion Shares.



6.7 OTHER CONSIDERATIONS

In determining whether the terms and conditions of the Rights Issue and the Convertible Bonds, being the subject of the Whitewash Resolution, are fair and reasonable, we have also considered the following:

6.7.1 The Rights Issue and the Whitewash Resolution are subject to approval from Independent Shareholders

The Rights Issue and the Whitewash Resolution are subject to the approval of Independent Shareholders being obtained at the SGM.

Pursuant to the Code and the SIC Conditions, the BLP Concert Party Group and parties not independent of them shall abstain from voting on the Whitewash Resolution.

6.7.2 Dilution to the Independent Shareholders

There will be no dilution impact on the Independent Shareholders in the event all Entitled Shareholders subscribe for their *pro rata* entitlements of the Convertible Bonds under the Rights Issue and exercise their rights to convert the Convertible Bonds to Conversion Shares.

In the event that all resolutions relating to the Rights Issue are approved by the Shareholders at the SGM, the maximum dilution impact on the Independent Shareholders will only occur when the Undertaking Parties are the only group of Shareholders to (a) subscribe for their *pro rata* Convertible Bonds and the excess Convertible Bonds; and (b) exercises the rights to convert all Convertible Bonds to Conversion Shares.

In this scenario, the existing Independent Shareholders who collectively hold 318,990,533 Shares, representing approximately 40.03% interest in the Existing Share Capital as at the Latest Practicable Date, will have their shareholdings diluted to approximately 26.69% interest in the Enlarged Issued Share Capital upon the full conversion of the Convertible Bonds.

6.7.3 Single largest shareholder group

With the Whitewash Resolution, the shareholding of the BLP Concert Party Group may increase from 23.32% as at the Latest Practicable Date to up to 40.68% upon the conversion of the Convertible Bonds (assuming that only the Undertaking Parties subscribe for and convert all the Convertible Bonds to Conversion Shares).

In such event, the BLP Concert Party Group will become the single largest shareholder group of the Company. While the BLP Concert Party Group does not have statutory control of the Company, the BLP Concert Party Group will be in a position to significantly influence the

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outcome of ordinary resolutions of the Company, provided the BLP Concert Party Group does not have any interest in such resolutions.

7. OUR OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Whitewash Resolution. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety. We summarise the factors below:

On the “fairness” of the Rights Issue

- (a) the Rights Issue will be offered to Entitled Shareholders on a pro rata basis as set out in paragraph 6.1 of the IFA Letter. Similarly, the proforma financial effects highlighted in paragraph 6.6 of the IFA Letter will be the same assuming all Entitled Shareholders subscribe for their pro rata entitlements of the Convertible Bonds under the Rights Issue and exercise their rights to convert the Convertible Bonds to Conversion Shares;
- (b) save for the slightly higher coupon rate, the terms of the Rights Issue are generally in line with most of the Precedent Rights Issues of Convertible Securities set out in paragraph 6.2.1 of this IFA Letter. As mentioned in paragraph 6.2.1(c) of this IFA Letter, Independent Shareholders should also note that the coupon per annum of the Convertible Bonds is lower than those of the Existing Bonds as set out in paragraph 6.1 of this IFA Letter;
- (c) although the Conversion Price represents a discount of S\$0.21 cents (or 45.55%) to the NAV per Share or a P/NAV ratio of 0.54 times, the Group had net tangible liabilities as at 30 September 2024 as set out in paragraph 6.3(b) of this IFA Letter;
- (d) the highest discount of the Conversion Price to the VWAPs of the Shares for the periods prior to and including the Last Trading Day is 19.87% as set out in paragraph 6.5.1 of this IFA Letter, and are within the discounts to closing prices of the Recent Rights Issues set out in paragraph 6.5.2 of this IFA Letter. The discount to closing price, discount to theoretical ex-conversion price and discount to NAV per Share represented by the Conversion Price are also within the range of statistics of the Recent Rights Issues set out in paragraph 6.5.2 of this IFA Letter;
- (e) while the EV/EBITDA ratio of the Group represented by the Conversion Price is below the range of the Comparable Companies, the P/E ratio of the Group represented by

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the Conversion Price is within the range and higher than the mean and median P/E ratios of the Comparable Companies set out in paragraph 6.5.3 of this IFA Letter. It should also be noted that the Group's gearing ratio is at the higher range of the Comparable Companies; and

- (f) the P/NAV ratio of the Group represented by the Conversion Price is higher than the mean and median P/NAV ratios of the Comparable Companies set out in paragraph 6.5.3 of this IFA Letter.

On the "reasonableness" of the Rights Issue

- (i) the proceeds from the Rights Issue will be utilised to partially redeem the Existing Bonds which will be subject to a higher coupon rate if the Existing Bondholders elect not to convert their Existing Bonds at maturity and the Company is unable to redeem the Existing Bonds in full in April 2025;
- (ii) the Group had negative working capital and high gearing ratio as at 30 September 2024 set out in paragraph 6.3 of this IFA Letter;
- (iii) as at 30 September 2024, the cash and cash equivalents of the Group is not sufficient for the repayment of the remaining balance of the Existing Bonds which amounted to US\$83.58 million as at the Latest Practicable Date in the event that the Existing Bondholders elect not to convert their Existing Bonds at maturity set out in paragraph 6.4 of this IFA Letter; and
- (v) other considerations set out in paragraph 6.7 of this IFA Letter.

Accordingly, after taking into account the above factors and based on the information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the terms and conditions of the Rights Issue and the Convertible Bonds, being the subject of the Whitewash Resolution, are fair and reasonable. We therefore advise the Independent Directors to recommend that Independent Shareholders vote FOR the Whitewash Resolution at the SGM.

This IFA Letter is prepared pursuant to the Code as well as addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the Whitewash Resolution, and the recommendation made by them to the independent Shareholders shall remain the responsibility of the Independent Directors. Neither the Company, its Directors or its Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Whitewash Resolution, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

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This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

APPENDIX D – FINANCIAL INFORMATION OF THE GROUP

Certain financial information extracted from the audited consolidated financial statements of the Group for FY2021, FY2022 and FY2023 and the unaudited consolidated financial statements of the Group for 9M2023 and 9M2024 are set out below.

A. Consolidated Statement of Profit or Loss and Other Comprehensive Income

The audited consolidated statement of profit or loss and other comprehensive income for FY2021, FY2022 and FY2023 and the unaudited consolidated statement of profit or loss and other comprehensive income for 9M2023 and 9M2024 are set out below.

	----- Audited -----			----- Unaudited -----	
	FY2021 (Restated)	FY2022	FY2023	9M2023	9M2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	2,929,534	3,448,606	3,403,064	2,408,696	2,486,309
Cost of sales	(2,601,555)	(2,935,553)	(2,571,506)	(1,803,781)	(1,828,272)
Gross profit	327,979	513,053	831,558	604,915	658,037
Other operating income	125,453	22,415	20,028	17,280	23,926
Selling and distribution expenses	(40,022)	(60,352)	(71,106)	(50,031)	(57,124)
Administrative expenses	(131,254)	(92,871)	(124,838)	(74,001)	(67,190)
Foreign exchange gain/(loss)	17,702	(72,276)	(15,225)	(28,609)	11,356
Other operating expenses	(42,812)	(9,512)	(23,034)	(5,487)	(128,796)
Finance costs	(638,612)	(232,488)	(278,744)	(208,248)	(199,283)
Share of profit of associate	1,939	1,649	5,062	3,308	6,352
Fair value changes on convertible bonds	486,212	150,656	-	-	-
Gain on disposal of subsidiaries	934,334	12,820	-	-	-
Profit before income tax	1,040,919	233,094	343,701	259,127	247,278
Income tax expense	(241,914)	(46,298)	(75,219)	(66,337)	(50,417)
Profit for the year from discontinued operations	799,005	186,796	268,482	192,790	196,861
Discontinued operations					
Profit for the year from discontinued operations	27,559	-	-	-	-
Profit for the year	826,564	186,796	268,482	192,790	196,861
Profit for the year attributable to:					
Equity holders of the Company	816,199	138,799	175,772	130,784	100,363
Non-controlling interests	10,365	47,997	92,710	62,006	96,498

A summary of the review of the operations, business and financial performance of the Group is set out below:

9M2024 vs 9M2023

Total steam sales volume rose 10.2% year-on-year ("YoY") to 8.21 million tons in 9M2024 due to continued ramp-up of the GI projects including Shantou Project. Group revenue rose 3.2% YoY to RMB 2,486.3 million, with the growth attributed to higher steam sales volume, moderated by the continuing execution of the price adjustment mechanism that links feedstock cost to industrial steam price.

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The profit of the GI business in 9M2024 was impacted by a one-off provision for bad debt made in 3Q2024 on account of a reduction in biomass power subsidies for two GI projects that have biomass boilers and sell biomass-generated electricity to the State Grid – Xintai Project and Tongshan Project – of which the negative impact to net profit attributable to the shareholders was approximately RMB 80.1 million.

As a result, the Group's net profit attributable to the equity holders fell 23.3% YoY to RMB 100.4 million in 9M2024.

FY2023 vs FY2022

Revenue

The revenue decreased by approximately RMB 45.5 million or 1.3% from RMB 3,448.6 million in FY2022 to RMB 3,403.1 million in FY2023, which were mainly contributed by a decrease in the construction service revenue from service concession arrangements in accordance with IFRIC 12 Service Concession Arrangements due to the reduced construction of BOT projects in FY2023.

This was offset by an increased demand for industrial steam and thus resulting in a ramp-up of existing projects.

The Group's recurring revenue increased by approximately RMB 380.7 million or 13.2% from RMB 2,880.8 million in FY2022 to RMB 3,261.5 million in FY2023.

Gross Profit

Gross profit increased from RMB 513.1 million in FY2022 to RMB 831.6 million in FY2023 by approximately RMB 318.5 million or 62.1%, due mainly to the continued ramp-up of the GI projects in response to the strong demand for clean industrial steam, the solid execution of the price adjustment mechanism, coal blending, equipment technological upgrades and the refined management of the GI projects that gave rise to further improvement in production efficiency.

Profit Before Income Tax

Profit before tax increased by approximately RMB 110.6 million or 47.5% from RMB 233.1 million in FY2022 to RMB 343.7 million in FY2023. The increase was mainly attributable to the following factor:

- (a) increase in gross profit of RMB 318.5 million as explained above; and
- (b) decrease in foreign exchange losses of approximately RMB 57.1 million or 78.9% from RMB 72.3 million in FY2022 to RMB 15.2 million in FY2023 due mainly to higher appreciation of RMB against the USD for the Existing Bonds.

The above-mentioned factors were offset by:

- (a) decrease in fair value gain on Convertible Bonds of RMB 150.7 million or 100.0% from RMB 150.7 million in FY2022 to nil in FY2023. This was due to (i) a lower share price as of 31 December 2023 compared to 31 December 2022; and (ii) an amendment agreement entered with the Existing Bondholders in March 2023, leading to the change in maturity date of the Existing Bonds from April 2023 to April 2025 in accordance to the circular dated on 11 July 2023;

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- (b) increase in finance costs of RMB 46.3 million or 19.9% from RMB 232.5 million in FY2022 to RMB 278.7 million in FY2023 due to the expensing of the construction loan interest related to the completion of the Shantou Phase II and Xuzhou projects in FY2023 which was previously capitalized in FY2022 as the projects were under construction;
- (c) increase in administrative expenses of RMB 32.0 million or 34.4% from RMB 92.9 million in FY2022 to RMB 124.8 million in FY2023, due mainly to the agency fees relating to the Existing Bonds amendment agreement signed in 2023 and accrual of wages and salaries in FY2023;
- (d) increase in selling and distribution expenses of RMB 10.8 million or 17.8% from RMB 60.4 million in FY2022 to RMB 71.1 million in FY2023 due mainly to the increased sales of steam volume from Shantou project;
- (e) increase in other operating expenses of RMB 13.5 million or 142.2% from RMB 9.5 million in FY2022 to RMB 23.0 million in FY2023 due to the provision of impairment loss on trade and other receivables; and
- (f) decrease in gain of disposal of subsidiaries of RMB 12.8 million in FY2022 to nil in FY2023.

Income Tax Expense

The income tax expense increased by RMB 28.9 million or 62.5% from RMB 46.3 million in FY2022 to RMB 75.2 million in FY2023, which was in line with the growth in profit.

Profit for the Financial Period

As a result of the above, the Group's net profit attributable to the equity holders increased by RMB 37.0 million or 26.6% from RMB 138.8 million in FY2022 to RMB 175.8 million in FY2023.

FY2022 vs FY2021

Revenue

The Group's revenue from continuing operations related to revenue generated from GI business. The revenue of GI business increased by approximately RMB 519.1 million or 17.7% from RMB 2,929.5 million in FY2021 to RMB 3,448.6 million in FY2022, which were mainly contributed by:

- (a) increased steam sales volume and greater activities from expansion of existing customers' already-resilient businesses for existing plants; and
- (b) the rise in sales price of industrial steam based on the price adjustment mechanism.

The above-mentioned factors were offset by a decrease in the construction service revenue from service concession arrangements in accordance with IFRIC 12 Service Concession Arrangements due to the completion of BOT projects in FY2022.

Gross Profit

Gross profit from continuing operations increased from RMB 328.0 million in FY2021 to RMB 513.1 million in FY2022 by approximately RMB 185.1 million or 56.4% which was in line with revenue growth.

APPENDIX D – FINANCIAL INFORMATION OF THE GROUP

Profit Before Income Tax from Continuing Operations

Profit before tax from continuing operations decreased by RMB 807.8 million or 77.6% from RMB 1,040.9 million in FY2021 to RMB 233.1 million in FY2022. The decrease was mainly attributable to the following factors:

- (a) decrease in gain on disposal of subsidiaries of RMB 921.5 million or 98.6% from RMB 934.3 million in FY2021 to RMB 12.8 million in FY2022, mainly due to the disposal of M&S business of RMB 934.3 million in FY2021;
- (b) decrease in fair value gain on Existing Bonds of RMB 335.6 million or 69.0% from RMB 486.2 million in FY2021 to RMB 150.7 million in FY2022, due to the change in zero percent probability of conversion since the Existing Bonds would mature in April 2023, and decrease in share price during the financial period from 1 January 2021 to 31 December 2022;
- (c) decrease in other operating income of RMB 103.1 million from RMB 125.5 million in FY2021 to RMB 22.4 million in FY2022, mainly contributed by compensation received from local government for mandatory relocation plan of RMB 66.0 million and waiver of payable owed to a third-party supplier of RMB 23.0 million in FY2021;
- (d) increase in foreign exchange loss of RMB 90.0 million from a gain of RMB 17.7 million in FY2021 to a loss of RMB 72.3 million in FY2022, mainly due to the higher appreciation of USD against RMB for the Existing Bonds compared to the same period last year; and
- (e) increase in selling and distribution expenses of RMB 20.3 million from RMB 40.0 million in FY2021 to RMB 60.4 million in FY2022, due to the increase in sales commission in FY2022 resulting from the increase in sales volume.

The above-mentioned factors were offset by:

- (a) decrease in finance costs of RMB 406.1 million from RMB 638.6 million in FY2021 to RMB 232.5 million in FY2022, mainly from payment of excess cash dividend to the Existing Bondholders of RMB 403.3 million in FY2021; and
- (b) decrease in administrative expenses of RMB 38.4 million from RMB 131.3 million in FY2021 to RMB 92.9 million in FY2022, mainly due to transaction fees incurred on disposal of M&S business of RMB 42.0 million in FY2021.

Income Tax Expense for Continuing Operations

The income tax expense for continuing operations decreased by RMB 195.6 million or 80.9% from RMB 241.9 million in FY2021 to RMB 46.3 million in FY2022, which was primarily due to PRC withholding tax of RMB 208.9 million relating to the disposal of discontinued operations in FY2021.

Profit for the Financial Year - Continuing Operations

As a result of the above, the net profit from continuing operations decreased by RMB 612.2 million or 76.6% from RMB 799.0 million in FY2021 to RMB 186.8 million in FY2022. Excluding (1) gain on disposal of M&S segment of RMB 934.3 million, (2) adding back the excess cash dividends paid to bondholders of RMB 403.3 million, (3) adding back the transaction costs incurred after tax of RMB 41.1

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million relating to the disposal of discontinued operations, and (4) adding back the withholding tax and stamp tax of RMB 208.9 million, the net profit from continuing operations for FY2021 was RMB 518.0 million.

Profit for the Financial Year – Discontinued Operations

On 16 April 2021, the Group had completed the disposal of the entire M&S business to the Purchaser. As there are no major transactions between 16 April 2021 and 30 April 2021, the accounting cut-off date for the Disposal was taken as 30 April 2021. Hence, the results of operations for M&S business in FY2022 was nil.

Total Profit for the Financial Year

As a result of the above, the Group's net profit attributable to the equity holders decreased by RMB 677.4 million or 83.0% from RMB 816.2 million in FY2021 to RMB 138.8 million in FY2022.

B. Statements of Financial Position

The audited consolidated statement of financial position of the Group as at 31 December 2021, 31 December 2022 and 31 December 2023 and the unaudited consolidated statement of financial position of the Group as at 30 September 2024 are set out below:

	----- Audited ----- FY2021 (Restated) RMB'000	FY2022 RMB'000	FY2023 RMB'000	Unaudited 9M2024 RMB'000
Current assets				
Cash and cash equivalents	398,399	585,268	663,090	527,836
Pledged bank deposits	60,790	128,742	84,676	123,500
Trade receivables	422,864	638,123	813,033	815,208
Other receivables, deposits and prepayments	359,803	349,409	249,575	284,419
Inventories	122,706	175,315	138,028	157,540
Financial assets at fair value through other comprehensive income	3,010	50,458	36,259	82,650
Total current assets	1,367,572	1,927,315	1,984,661	1,991,153
Non-current assets				
Property, plant and equipment	646,147	632,439	517,628	494,615
Other receivables, deposits and prepayments	58,956	44,722	50,117	86,762
Financial assets at fair value through other comprehensive income	2,683	2,445	2,142	2,142
Right-of-use assets	246,713	237,483	230,229	225,981
Associates	20,762	53,887	58,949	65,301
Intangible assets	3,835,046	4,322,808	4,335,777	4,235,011
Deferred tax assets	24,301	31,932	34,010	78,077
Goodwill	415,582	415,582	415,582	415,582
Total non-current assets	5,250,190	5,741,298	5,644,434	5,603,471
Total assets	6,617,762	7,668,613	7,629,095	7,594,624
Current liabilities				
Trade payables, other payables and contract liabilities	849,371	1,144,823	712,896	592,725
Borrowings	594,006	918,485	1,191,484	1,310,986

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	FY2021 (Restated)	Audited FY2022	FY2023	Unaudited 9M2024
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities	1,652	1,646	1,235	1,264
Convertible bonds	-	892,707	-	1,017,262
Income tax payable	31,445	6,763	25,927	37,193
Total current liabilities	1,476,474	2,964,424	1,931,542	2,959,430
Non-current liabilities				
Deferred tax liabilities	219,498	225,666	217,460	215,557
Borrowings	2,142,726	2,424,490	2,191,842	1,911,010
Convertible bonds	909,727	-	973,845	-
Lease liabilities	5,506	4,184	1,737	1,097
Total non-current liabilities	3,277,457	2,654,340	3,384,884	2,127,664
Capital and reserves				
Share capital	57,662	57,662	57,662	57,662
Share premium	313,653	313,653	313,653	313,653
General reserves	186,153	239,681	288,101	340,135
Share option reserve	319	319	319	319
Foreign currency translation reserve	(190)	-	-	-
Revaluation reserve	(1,209)	(1,706)	(1,834)	(1,834)
Retained earnings	1,035,444	1,120,715	1,242,539	1,290,868
Equity attributable to equity holders of the Company	1,591,832	1,730,324	1,900,440	2,000,803
Non-controlling interests	271,999	319,525	412,229	506,727
Total equity	1,863,831	2,049,849	2,312,669	2,507,530
Total liabilities and equity	6,617,762	7,668,613	7,629,095	7,594,624

A summary of the review of the financial position of the Group is set out below.

As at 30 September 2024 compared to 31 December 2023

The Group's total current assets increased by approximately RMB 6.5 million or 0.3% from RMB 1,984.7 million as at 31 December 2023 to RMB 1,991.2 million as at 30 September 2024. The increase was due mainly to:

- (a) increase in trade receivables of RMB 2.2 million being consistent with the increase in demand for the current period after deducting the provision on biomass power subsidies;
- (b) increase in financial assets at fair value through other comprehensive income of RMB 46.4 million resulting mainly from addition in notes receivables held by the Group;
- (c) increase in pledged bank deposits of RMB 38.8 million as more collaterals were required for the credit facilities granted;
- (d) increase in other receivables, deposits and prepayments of RMB 34.8 million due mainly to the increase in prepayments for coal procurement; and
- (e) increase in inventories of approximately RMB 19.5 million due mainly to preparation for strong steam demand in the future.

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The above-mentioned factors were offset by a decrease in cash and cash equivalents of RMB 135.3 million due mainly to the payment of loans.

The Group's total non-current assets decreased by RMB 41.0 million or 0.7% from RMB 5,644.4 million as at 31 December 2023 to RMB 5,603.5 million as at 30 September 2024. The decrease was due mainly to:

- (a) decrease in intangible assets of RMB 100.8 million due mainly to the amortization expenses for the period; and
- (b) decrease in property, plant and equipment of RMB 23.0 million due mainly to the depreciation expenses for the period.

The above-mentioned factors were offset by:

- (a) increase in other receivables, deposits and prepayments of RMB 36.6 million due primarily to the increase in compensation receivable from the government of Xinyuan projects,
- (b) increase in deferred tax assets of RMB 44.1 million due mainly to the deferred tax recognised for the deductible temporary timing difference on the one-off provision on biomass subsidy receivables in this period; and
- (c) increase in investment in associates of RMB 6.4 million due primarily to the share of profit of associates in this period.

The Group's total current liabilities increased by RMB 1,027.9 million or 53.2% from RMB 1,931.5 million as at 31 December 2023 to RMB 2,959.4 million as at 30 September 2024, due mainly to the following:

- (a) reclassification of the Existing Bonds amounting to RMB 1,017.3 million from non-current liabilities to current liabilities; and
- (b) increase in short-term borrowings of RMB 119.5 million due to replenishment of working capital for GI business.

The above-mentioned factors were offset by a decrease in trade payables, other payables and contract liabilities of RMB 120.2 million primarily as a result of payment of outstanding raw materials purchase and payment of construction payables for BOT projects.

The Group's current liabilities exceeded its current assets by RMB 968,277,000 due to the reclassification of Existing Bonds from non-current to current liabilities as the Existing Bonds will mature in April 2025. Had the Existing Bonds remained non-current, the Group's current assets would have exceeded its current liabilities by RMB 48,985,000.

The Group's total non-current liabilities decreased by approximately RMB 1,257.2 million or 37.1% from RMB 3,384.9 million as at 31 December 2023 to RMB 2,127.7 million as at 30 September 2024. The decrease was due to:

- (a) reclassification of the Existing Bonds from non-current liabilities to current liabilities; and
- (b) decrease in long-term borrowings of RMB 280.8 million due primarily to repayment of loans.

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As at 31 December 2023 compared to 31 December 2022

The Group's total current assets increased by approximately RMB 57.3 million or 3.0% from RMB 1,927.3 million as at 31 December 2022 to RMB 1,984.7 million as at 31 December 2023. The increase was mainly due to:

- (a) increase in cash and cash equivalents of RMB 77.8 million, mainly due to the cash generated from operating, which was offset by the usage of funds for BOT and GI projects; and
- (b) increase in trade receivables of RMB 174.9 million mainly due to the increase in receivables of biomass power subsidies in respect of the Group's biomass GI projects and the increase in accounts receivable of Shantou Project.

The above-mentioned factors were offset by:

- (a) decrease in other receivables, deposits and prepayments of RMB 99.8 million due mainly to decrease in prepayment of inventories and deduction of input tax recoverable;
- (b) decrease in pledged bank deposits of RMB 44.1 million as less collaterals were required for the credit facilities granted at the end of the period; and
- (c) decrease in inventories of RMB 37.3 million due primarily to consumption of raw materials and more inventories kept as of December 2022.

The Group's total non-current assets decreased by RMB 96.9 million or 1.7% from RMB 5,741.3 million as at 31 December 2022 to RMB 5,644.4 million as at 31 December 2023. The decrease was mainly due to decrease in property, plant and equipment of RMB 114.8 million mainly due to the construction in progress relating to service concession arrangement transferred to intangible assets and depreciation expenses incurred.

The above-mentioned factor was offset by increase in intangible assets of RMB 13.0 million mainly due to the construction in progress relating to service concession arrangement transferred from property, plant and equipment, increase in construction progress relating to Xinjiang project and offset by the amortisation of the intangible assets to profit and loss.

The Group's total current liabilities decreased by RMB 1,032.9 million or 34.8% from RMB 2,964.4 million as at 31 December 2022 to RMB 1,931.5 million as at 31 December 2023, mainly due to the following:

- (a) reclassification of the Existing bonds from current liabilities to non-current liabilities; and
- (b) decrease in trade payables, other payables and contract liabilities of RMB 431.9 million primarily as a result of payment of outstanding raw materials purchase and payment of construction payables for BOT projects.

The above-mentioned factors were offset by an increase in short-term borrowings of RMB 273.0 million due to replenishment of working capital for GI business.

The Group's total non-current liabilities increased by approximately RMB 730.5 million or 27.5% from RMB 2,654.3 million as at 31 December 2022 to RMB 3,384.9 million as at 31 December 2023. The increase was due to the reclassification of Existing Bonds amounted RMB 973.8 million from current

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liabilities to non-current liabilities.

The above-mentioned factor was offset by the decrease in long-term borrowings of RMB 232.6 million due primarily to the repayment of long-term loans.

As at 31 December 2022 compared to 31 December 2021

The Group's total current assets increased by approximately RMB 559.7 million or 40.9% from RMB 1,367.6 million as at 31 December 2021 to RMB 1,927.3 million as at 31 December 2022. The increase was mainly due to:

- (a) increase in cash and cash equivalents of RMB 186.9 million, mainly due to the cash generated from operating and financing activities, which was offset by the usage of funds for BOT and GI projects;
- (b) increase in pledged bank deposits of RMB 68.0 million as more collaterals were required for the credit facilities granted;
- (c) increase in trade receivables and contract assets of RMB 215.3 million mainly from the increased sales leading to an aggregate increase in trade receivables from third parties and retention receivables in fourth quarter of the year; and
- (d) increase in financial assets at fair value through other comprehensive income of RMB 47.5 million resulting mainly from addition in notes receivables held by the GI business.

The Group's total non-current assets increased by RMB 491.1 million or 9.4% from RMB 5,250.2 million as at 31 December 2021 to RMB 5,741.3 million as at 31 December 2022. The increase was mainly due to:

- (a) increase in intangible assets of RMB 487.8 million due to increase in construction progress relating to Shantou phase 2, Xinjiang projects on hand as at 31 December 2022; and
- (b) increase in cost of investment in associates of RMB 33.1 million primarily resulting from investment on Jining phase 2 of RMB 21.0 million and a joint venture to supply industrial steam using general solid waste.

The Group's total current liabilities increased by RMB 1,487.9 million or 100.8% from RMB 1,476.5 million as at 31 December 2021 to RMB 2,964.4 million as at 31 December 2022, mainly due to the following:

- (a) increase in the Existing Bonds of RMB 892.7 million due to the reclassification of Existing Bonds from non-current liabilities which is expiring within one year;
- (b) increase in trade payables, other payables and contract liabilities of RMB 295.5 million due mainly to the increase in construction payables for BOT projections and receipt of government subsidies for on-going construction projects which will be recognised as revenue once the constructions are completed; and
- (c) increase in short-term borrowings of RMB 324.5 million due to replenishment of working capital for GI business.

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The Group's total non-current liabilities decreased by approximately RMB 623.1 million or 19.0% from RMB 3,277.5 million as at 31 December 2021 to RMB 2,654.3 million as at 31 December 2022. The decrease was due to the decrease in Existing Bonds of RMB 909.7 million due to the reclassification of Existing Bonds from non-current liabilities which is expiring within one year.

The above-mentioned factor was offset by the increase in long-term borrowings of RMB 281.8 million due primarily to the financing for the BOT projects of Xinjiang, Shantou etc.

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C. Consolidated Statement of Cash Flows

The audited consolidated statement of cash flows of the Group for FY2021, FY2022 and FY2023 and the unaudited consolidated statement of cash flows of the Group for 9M2024, are as follows:

	FY2021 (Restated) RMB'000	Audited FY2022 RMB'000	FY2023 RMB'000	Unaudited 9M2024 RMB'000
Operating activities				
Profit before income tax	1,074,213	233,094	343,701	247,278
Adjustments for:				
Depreciation of property, plant and equipment	61,027	50,037	48,154	44,091
Depreciation of right-of-use asset	7,580	6,512	6,149	8,086
Amortisation of intangible assets	108,385	147,086	187,276	146,409
Interest expense	646,736	232,488	278,744	199,283
Impairment of property, plant and equipment	-	-	2,116	-
Exchange differences arising on foreign currency translation	(545)	(419)	330	148
Share of profit of associate	(1,939)	(1,649)	(5,062)	(6,352)
Impairment allowance on property, plant and equipment	-	-	-	633
(Gain)/loss on disposal of property, plant and equipment	(67,711)	6,036	572	180
Gain on disposal of right-of-use asset	(4,343)	-	(264)	-
Gain on disposal of subsidiaries	(934,334)	(12,820)	-	-
Expenses on disposal of subsidiaries	41,075	-	-	-
Impairment allowance on inventories, net of allowance	1,759	-	(1,251)	-
Interest income	(4,982)	(3,377)	(6,753)	(3,857)
Impairment loss on trade and other receivables subject to ECL, net	15,142	2,053	17,197	124,633
(Reversal of) / Impairment loss on pledged bank deposits	3,081	(3,000)	-	-
Exchange loss / (gain) on convertible bonds	(17,702)	72,695	14,895	(11,504)
Fair value gain on convertible bonds	(486,212)	(150,656)	-	-
Operating cash flows before movements in working capital	441,230	578,080	885,804	749,028
Trade receivable	(574,384)	(216,911)	(181,451)	(122,753)
Other receivables and prepayments	(247,484)	11,541	87,448	(37,757)
Prepayment for contract cost	-	-	(6,364)	-
Financial assets at fair value through other comprehensive income	(66,470)	(47,916)	14,323	(50,799)
Inventories	(428,984)	(52,609)	38,538	(19,512)
Trade payables, other payables and contract liabilities	1,294,637	245,358	(111,325)	(78,932)
Cash generated from operations	418,545	517,543	726,973	439,275
Income tax paid	(83,033)	(69,581)	(87,489)	(91,295)
Interest received	4,982	3,377	6,753	3,857
Interest paid	(133,210)	(146,166)	(183,018)	(117,587)
Net cash from operating activities	207,284	305,173	463,219	234,250

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	FY2021 (Restated) RMB'000	Audited FY2022 RMB'000	FY2023 RMB'000	Unaudited 9M2024 RMB'000
Investing activities				
Purchase of property, plant and equipment	(93,486)	(61,321)	(48,121)	(15,599)
Prepayment for build-operate-transfer projects	(36,120)	(56,716)	(33,125)	(68,535)
Acquisition of intangible assets	(853,690)	(474,979)	(343,984)	(49,481)
Proceeds from disposal of subsidiaries	1,455,140	571	1,400	-
Payment for expenses on disposal of subsidiaries	(52,070)	-	-	-
Proceeds from disposal of right-of-use asset	38,043	-	-	-
Acquisition of non-controlling interest	(1,502)	-	-	-
Payment of deferred consideration relating to acquisition of subsidiaries	(6,701)	(7,183)	-	-
Acquisition of an associate	(6,800)	(31,476)	-	-
Proceeds from disposal of property, plant and equipment	45,314	6,396	116	-
Net cash from/(used in) investing activities	488,128	(624,708)	(423,714)	(133,615)
Financing activities				
Proceeds from new borrowings	2,301,473	1,635,050	1,085,072	831,841
Pledged bank deposits	(14,329)	(64,952)	44,066	(38,824)
Payment of dividend	(936,609)	-	(5,528)	-
Payment of dividend to non-controlling interest of a subsidiary	(3,026)	-	-	(2,000)
Repayment of borrowings	(1,731,256)	(1,028,807)	(1,044,721)	(993,171)
Repayments of lease liabilities	(1,888)	(1,465)	(1,490)	(678)
Proceeds from exercise of share options	2,962	-	-	-
Treasury shares re-issued	4,521	-	-	-
Interest paid	(453,311)	(33,612)	(39,082)	(33,057)
Net cash (used in)/from financing activities	(831,463)	506,214	38,317	(235,889)
Net (decrease)/increase in cash and cash equivalents	(136,051)	186,679	77,822	(135,254)
Cash and cash equivalents at beginning of year	534,491	398,399	585,268	663,090
Effects of foreign exchange rate changes	(41)	190	-	-
Cash and cash equivalents at end of year	398,399	585,268	663,090	527,836

A summary of the review of the cash flow position of the Group is set out below.

Review of cash flow for 9M2024

In 9M2024, the Group registered a net cash outflow of RMB 135.3 million.

Net cash inflow from operating activities was RMB 234.3 million. This was due to net working capital inflow from operating activities before working capital changes of RMB 749.0 million, along with decrease in working capital of RMB 309.8 million.

Net cash outflow from investing activity was RMB 133.6 million due to purchase of property, plant and equipment, prepayment for build-operate-transfer projects and acquisition of intangible assets.

Net cash outflow from financing activities was RMB 235.9 million mainly due to repayment of borrowings, pledged bank deposits and interest paid, which was offset by proceeds from new borrowings.

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Review of cash flow for FY2023

In FY2023, the Group registered a net cash inflow of RMB 77.8 million.

Net cash inflow from operating activities was RMB 463.2 million. This was due to net working capital inflow from operating activities before working capital changes of RMB 885.8 million, along with decrease in working capital of RMB 158.8 million.

Net cash outflow from investing activity was RMB 423.7 million mainly due to acquisition of intangible assets.

Net cash inflow from financing activities was RMB 38.3 million mainly due to proceeds from new borrowings, which was offset by repayment of borrowings and interest paid.

Review of cash flow for FY2022

In FY2022, the Group registered a net cash inflow of RMB 186.7 million.

Net cash inflow from operating activities was RMB 305.2 million. This was due to net working capital inflow from operating activities before working capital changes of RMB 578.1 million, along with decrease in working capital of RMB 60.5 million.

Net cash outflow from investing activity was RMB 624.7 million mainly due to acquisition of intangible assets, purchase of property, plant and equipment and prepayment for BOT projects.

Net cash inflow from financing activities was RMB 506.2 million mainly due to proceeds from new borrowings, which was offset by repayment of borrowings, pledged bank deposits and interest paid.

Review of cash flow for FY2021

In FY2022, the Group registered a net cash outflow of RMB 136.1 million.

Net cash inflow from operating activities was RMB 207.3 million. This was due to net working capital inflow from operating activities before working capital changes of RMB 441.2 million, along with decrease in working capital of RMB 22.7 million.

Net cash inflow from investing activity was RMB 488.1 million mainly due to proceeds from disposal of subsidiaries, which was offset by acquisition of intangible assets.

Net cash outflow from financing activities was RMB 831.5 million mainly due to repayment of borrowings, payment of dividend and interest paid which was offset by proceeds from new borrowings.

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D. Working Capital

The working capital of the Group as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 September 2024 are set out below:

	----- Audited -----			Unaudited
	FY2021	FY2022	FY2023	9M2024
	(Restated)			
	RMB'000	RMB'000	RMB'000	RMB'000
Total Current Assets	1,367,572	1,927,315	1,984,661	1,991,153
Total Current Liabilities	(1,476,474)	(2,964,424)	(1,931,542)	(2,959,430)
Working Capital	(108,902)	(1,037,109)	53,119	(968,277)

A summary of the review of the working capital of the Group is set out below.

As at 30 September 2024 compared to 31 December 2023

The Group was in a negative working capital position of RMB 968.3 million as at 30 September 2024, as compared to a positive working capital position of RMB 53.1 million as at 31 December 2023. The Group's current liabilities exceeded its current assets by RMB 968.3 million due to the reclassification of Existing Bonds from non-current to current liabilities as the Existing Bonds will mature in April 2025. Had the Existing Bonds remained non-current, the Group's current assets would have exceeded its current liabilities by RMB 49.0 million.

As at 31 December 2023 compared to 31 December 2022

The Group was in a positive working capital position of RMB 53.1 million as at 31 December 2023, as compared to a negative working capital position of RMB 1,037.1 million as at 31 December 2022.

As at 31 December 2022 compared to 31 December 2021

The Group was in a negative working capital position of RMB 1,037.1 million as at 31 December 2022, as compared to a negative working capital position of RMB 108.9 million as at 31 December 2021. Due to the reclassification of Existing Bonds which is expiring within one year, the Group's current liabilities exceeded its current assets by RMB 1,037.1 million as at 31 December 2022.

NOTICE OF SPECIAL GENERAL MEETING

SUNPOWER GROUP LTD.

(Company Registration No. 35230)
(Incorporated in Bermuda with limited liability)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting ("**SGM**") of the Shareholders of Sunpower Group Ltd. (the "**Company**") will be convened and held at 10.00 a.m. (Singapore time) on 26 February 2025 at HQ-India Rooms, Assembly Building, Level 2, JW Marriott Hotel Singapore South Beach, 30 Beach Road, Singapore 189763 for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

*Unless otherwise defined or the context otherwise requires, all capitalised terms herein shall bear the same meaning as used in the circular dated 10 February 2025 issued by the Company (the "**Circular**").*

AS ORDINARY RESOLUTIONS

RESOLUTION 1 – THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO S\$99,609,642 IN AGGREGATE PRINCIPAL AMOUNT OF 7.00% CONVERTIBLE BONDS CONVERTIBLE INTO UP TO 398,438,568 CONVERSION SHARES, ON THE BASIS OF 125 CONVERTIBLE BONDS FOR EVERY 1,000 EXISTING SHARES HELD BY ENTITLED SHAREHOLDERS AS AT RECORD DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

THAT, approval be and is hereby given to the Directors (or any of them):

- (a) to create and issue up to S\$99,609,642 in aggregate principal amount of 7.00% Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds (the "**Terms and Conditions**"), such Convertible Bonds to be convertible into new ordinary shares in the capital of the Company ("**Conversion Shares**") at a conversion price (the "**Conversion Price**") determined in accordance with the Terms and Conditions;
- (b) to allot and issue:
 - (i) such number of Conversion Shares as may be required or permitted to be allotted and issued on the conversion of the Convertible Bonds, to the Bondholders on the conversion thereof, subject to and otherwise in accordance with the terms and conditions of the Convertible Bonds, whereby such Conversion Shares when issued shall rank *pari passu* in all respects with the then existing ordinary shares in the capital of the Company, save as may be provided in the Terms and Conditions; and
 - (ii) on the same basis as sub-paragraph (b)(i) above, such further Conversion Shares as may be required to be allotted and issued on the conversion of any of the Convertible Bonds upon the adjustment of the Conversion Price in accordance with the Terms and Conditions; and
- (c) to complete and to do all such acts and things as they may consider necessary, desirable, expedient to give effect to this Resolution 1, including without limitation to the foregoing, to make such amendments to the Terms and Conditions (provided that the amendments are not material), to negotiate, sign, execute and deliver all documents (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby approved, confirmed and approved.

RESOLUTION 2 – THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF INDEPENDENT SHAREHOLDERS TO RECEIVE A MANDATORY GENERAL OFFER FROM THE BLP CONCERT PARTY GROUP FOR THE REMAINING ISSUED AND PAID-UP SHARES OF THE COMPANY NOT OWNED OR CONTROLLED BY THEM, AS A RESULT OF THE CONVERSION OF THE CONVERTIBLE BONDS PURSUANT TO THE PROPOSED RIGHTS ISSUE

THAT, subject to Resolution 1 being passed, subject to the satisfaction of all the conditions set out in the SIC's letter dated 8 January 2025, Shareholders (other than the BLP Concert Party Group) do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer from the BLP Concert Party Group in accordance with Rule 14 of the Code, in the event that the allotment and issuance of Conversion Shares to the BLP Concert Party Group results in them incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Code.

RESOLUTION 3 – THE PROPOSED POTENTIAL TRANSFER OF CONTROLLING INTEREST TO BLP CAPITAL PURSUANT TO THE CONVERSION OF CONVERTIBLE BONDS AND THE IRREVOCABLE UNDERTAKING GIVEN BY THE UNDERTAKING LIN AND PAN ENTITIES

THAT, subject to Resolution 1 being passed, approval be and is hereby given to the Directors (or any of them):

- (a) for the allotment and issue of Conversion Shares that could potentially result in the transfer of controlling interest in the Company to BLP Capital under Rule 803 of the Listing Manual arising from the Proposed Transactions; and
- (b) to complete and to do all such acts and things as they may consider necessary, desirable, expedient to give effect to this Resolution 3, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby approved, confirmed and approved.

By Order of the Board

Yang Zheng
Lead Independent Director

10 February 2025

Notes:

1. The members of the Company are invited to attend physically at the SGM. **There will be no option for shareholders to participate virtually.**
2. Printed copies of the Circular, this Notice of SGM and the Depositor Proxy Form have been despatched to Shareholders. Electronic copies of this Circular, the Notice of SGM and the Depositor Proxy Form are available on SGXNET and on the Company's website at the URL <http://sunpower.listedcompany.com>.
3. Please bring along your NRIC/passport so as to enable the Company to verify your identity. The Company reserves the right to refuse admittance to the SGM if the attendee's identity cannot be verified accurately. Members are advised not to attend the SGM if they are feeling unwell.
4. A member who is unable to attend the SGM and wishes to appoint proxy(ies) to attend, speak and vote at the SGM on his/ her/its behalf should complete, sign and return the Depositor Proxy Form in accordance with the instructions printed thereon.
5. With the exception of CDP (which may appoint more than two proxies), a member of the Company who is entitled to attend and vote at the SGM and who is the holder of two or more Shares is entitled to appoint no more than two proxies to attend the SGM and vote in his stead. A proxy need not be a member of the Company.
6. All Depositor Proxy Forms must be submitted to the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd., at 36 Robinson Road #20-01 City House Singapore 068877 **not less than 48 hours before the time appointed for holding the SGM in order for the proxy to be entitled to attend and vote at the SGM**, failing which the Company shall be entitled to regard the Depositor Proxy Form as invalid.
7. The Depositor Proxy Form must be signed by the appointor or his attorney duly authorised in writing. In the case of joint appointor(s), all joint appointor(s) must sign the Depositor Proxy Form. Where the Depositor Proxy Form is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney. Where the Depositor Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney appointing the attorney or other authority, or a notarially certified copy thereof, if any, under which the Depositor Proxy Form is signed must (unless previously registered with the Company) be lodged with the Depositor Proxy Form, failing which the Company shall be entitled to regard the Depositor Proxy Form as invalid.

The Company shall be entitled to reject the Depositor Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Depositor Proxy Form (such as in the case where the appointor submits more than one Depositor Proxy Form).

A Shareholder who wishes to submit the Depositor Proxy Form must first complete and sign the Depositor Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

8. In the case of Shareholders of the Company whose Shares are entered against their names in the Depository Register, the Company may, at its discretion, reject any Depositor Proxy Form lodged if such Shareholders are not shown to have Shares entered against their names in the Depository Register (as defined in Part 3AA of the Securities and Futures Act 2001 of Singapore), as at 48 hours before the time appointed for holding the SGM as certified by The Central Depository (Pte) Limited to the Company.
9. Shareholders who hold their Shares through a relevant intermediary (as defined in Section 181 of the Companies Act 1967 of Singapore) should not use the Depositor Proxy Form and should contact their relevant intermediaries as soon as possible to specify voting instructions.
10. Shareholders may submit questions related to the resolutions to be tabled for approval for the SGM at the SGM or in advance of the SGM. For Shareholders who would like to submit questions in advance of the SGM, their questions must be submitted in the following manner no later than 10.00 a.m. on 19 February 2025 (being five (5) market days before the SGM) (the "**Cut-Off Date**"):
 - (a) if submitted electronically, be submitted via email to ir@sunpowergroup.com.cn; or
 - (b) if submitted by post, be lodged at the office of the Company's Share Transfer Agent, In.Corp Corporate Services Pte. Ltd., at 36 Robinson Road #20-01 City House Singapore 068877.

Shareholders submitting questions are required to state: (a) the Shareholder's full name; and (b) the Shareholder's identification/registration number, failing which the Company shall be entitled to regard the submission as invalid and not respond to the questions submitted.

The Company will endeavour to address all substantial and relevant questions relating to the resolutions to be tabled for approval at the SGM as received from Shareholders either before the SGM on SGXNET and the Company's website

at the URL <http://sunpower.listedcompany.com> or during the SGM. The Company will also address any subsequent clarifications sought or follow-up questions received after the above Cut-Off Date at the SGM in respect of substantial and relevant matters. The Company will publish the responses to such questions together with the minutes of the SGM on SGXNET and the Company's website at <http://sunpower.listedcompany.com> within one month after the date of the SGM.

The SGX-ST assumes no responsibility for the contents of this Notice, including the correctness of any of the statements or opinions made or reports contained in this Notice.

Personal Data Privacy:

By submitting the Depositor Proxy Form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the SGM and/or any adjournment thereof, a Shareholder (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the SGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the SGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.