



## SUNPOWER GROUP LTD.

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

### RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO S\$99,609,642 IN AGGREGATE PRINCIPAL AMOUNT OF 7.00% CONVERTIBLE BONDS 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

*Prior to making a decision to subscribe for the Convertible Bonds, you should carefully consider all the information contained in the Offer Information Statement dated 10 March 2025 ("OIS"). This Product Highlights Sheet ("PHS") should be read in conjunction with the OIS. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. You should also consider whether an investment in the Convertible Bonds is suitable for you, taking into account your investment objectives and risk appetite. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s) immediately. you are responsible for your own investment choices.*

*Unless otherwise defined herein or the context otherwise requires, all capitalised terms used in this PHS shall bear the same meanings ascribed to them in the OIS.*

This PHS is an important document.

- It highlights the key information and risks relating to the offer of the Convertible Bonds contained in the OIS. It complements the OIS<sup>1</sup>.
- You should not subscribe for the Convertible Bonds if you do not understand the nature of an investment in convertible securities and our business or are not comfortable with the accompanying risks.
- If you wish to subscribe for the Convertible Bonds, you will need to make an application in the manner set out in the OIS. Please refer to the OIS Notification Letter for instructions on how to view, download and print the electronic version of the OIS.

<b>Issuer</b>	Sunpower Group Ltd. (the "Company")	<b>Place of incorporation</b>	Bermuda
<b>Issue Price and denomination of the Convertible Bonds</b>	100% of the principal amount of the Convertible Bonds, being S\$1.00 for each Convertible Bond (the "Issue Price").  The Convertible Bonds will be issued in registered form and in the denomination of S\$1.00 or integral multiples thereof.	<b>Total amount to be raised in offer</b>	<b>Rights Issue</b> <ul style="list-style-type: none"> <li>• <u>Gross proceeds</u>: Approximately S\$99.61 million in the Maximum Rights Issue Scenario.</li> <li>• <u>Net proceeds</u>: Approximately S\$98.51 million in the Maximum Rights Issue Scenario (after deducting estimated expenses incurred in connection with the Rights Issue).</li> </ul>
<b>Description of the Convertible Bonds</b>	Up to S\$99,609,642 in aggregate principal amount of 7.00% Convertible Bonds.  The Convertible Bonds are expected to be issued on 3 April 2025 ("Issue Date") and will mature on 3 April 2030 (the "Maturity Date").	<b>Listing status of Company, the Convertible Bonds and Conversion Shares</b>	<b>Company</b> <ul style="list-style-type: none"> <li>• Primary Listing on the Main Board of the SGX-ST.</li> </ul> <b>Convertible Bonds</b> <ul style="list-style-type: none"> <li>• Expected to be listed on the Main Board of the SGX-ST on and from 4 April 2025. The Convertible Bonds will be traded on the Main Board of the SGX-ST in board lots of 100 Convertible Bonds with a principal amount of S\$100.</li> </ul>

<sup>1</sup> The OIS (together with this PHS), lodged with the Monetary Authority of Singapore on 10 March 2025, is available on SGXNET at <https://www.sgx.com/securities/company-announcements> or accessible at the Company's website at the URL <http://sunpower.listedcompany.com>.

	<p>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.</p> <p>Please refer to the section entitled "Key Features – Key Features of the Convertible Bonds" below for more information on the Convertible Bonds.</p>		<ul style="list-style-type: none"> <li>The listing of the Convertible Bonds on the Main Board of the SGX-ST is subject to there being a sufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the Convertible Bonds.</li> </ul> <p><b>Conversion Shares</b></p> <ul style="list-style-type: none"> <li>SGX-ST has granted approval in-principle for the listing and quotation of the Conversion Shares on the Main Board of the SGX-ST.</li> </ul>
<b>Manager of the Rights Issue</b>	SAC Capital Private Limited	<b>Underwriter</b>	The Rights Issue is not underwritten in view of the Irrevocable Undertakings and the savings in costs in respect of underwriting fees.
<b>Credit rating of Issuer/the Convertible Bonds and Credit Rating Agencies</b>	The Company and the Convertible Bonds are not rated by any credit rating agency. This means that no independent assessment by a credit rating agency of the default risk of the Company and the Convertible Bonds has been made.	<b>Trustee / Registrar / Agents</b>	<ul style="list-style-type: none"> <li><b>Trustee and Paying Agent:</b> Lion Trust (Singapore) Limited</li> <li><b>Conversion Agent, Transfer Agent and Bond Registrar:</b> In.Corp Corporate Services Pte. Ltd.</li> </ul>

## INVESTMENT SUITABILITY

### WHO IS THE INVESTMENT SUITABLE FOR?

The Convertible Bonds are only suitable for you if you:

- are comfortable investing in hybrid securities that combine the features of both debt and equity and as such are prepared to accept risks higher than those normally associated with plain vanilla bonds;
- are prepared to rank lower in priority compared to holders of secured creditors in an insolvency situation;
- accept that the Convertible Bonds may only be redeemed at the option of the Company; and
- are prepared to lose a substantial amount of your principal investment if you sell your Convertible Bonds in a secondary market at a discount or if you sell your Conversion Shares at a price lower than the Conversion Price.

There are further risks associated with the Convertible Bonds. See the section entitled "**Risk Factors**" in the OIS and in particular, "**Risks Relating to an Investment in the Nil-Paid Rights, the Convertible Bonds and the Conversion Shares**" on pages 29 to 37 of the OIS for a summary of the risks associated with, among others, the Convertible Bonds. The considerations and risks referred to above are not exhaustive.

## KEY FEATURES

### Background information on the Issuer

#### WHO ARE YOU INVESTING IN?

Our Company was incorporated in Bermuda on 28 April 2004, listed on 16 March 2005 on the SGX-ST Sesdaq and transferred to the Main Board of the SGX-ST on 30 August 2007. The Group is a leading centralised provider of clean industrial steam to industrial parks, civil heating for households, electricity to the State Grid, and other complementary industrial products and services such as compressed air to certain industrial parks, in the PRC.

Our Board of Directors comprise 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) and Ms. Wang Guannan (Non-Executive and Non-Independent Director).

Our key executive officers are Mr. Ma Ming and Ms. Wang Hui.

For further information on our business and our controlling shareholders, refer to paragraphs 8(b) and 8(e) of "**Part 4: Key Information**" on pages 76 to 78 and 81 to 82 of the OIS.

For further information on our Directors, refer to paragraph 1 of "**Part 2: Identity of Directors, Advisers and Agents**" on page 64 of the OIS.

<p>Our controlling shareholders are Mr. Guo Hong Xin and Mr. Ma Ming who (through deemed interest) hold approximately 19.31% and 17.28% of the Shares as at the Latest Practicable Date.</p>	
<p><b>Key Features of the Convertible Bonds</b></p>	
<p><b>WHAT ARE YOU INVESTING IN?</b></p> <p><b>Convertible Bonds.</b> The Company is offering up to S\$99,609,642 in aggregated principal amount of Convertible Bonds to Entitled Shareholders. The Issue Price is 100% of the principal amount of the Convertible Bonds, being S\$1.00 for each Convertible Bond. The Convertible Bonds shall bear interest at the rate of 7.00% per annum of the principal amount outstanding on the Convertible Bonds, payable on a semi-annually in arrears.</p> <p><b>Conversion Period.</b> Subject to and in compliance with the Terms and Conditions and any applicable fiscal or other laws or regulations, Bondholders may exercise the Conversion Right to convert their Convertible Bonds in whole or in part, into Conversion Shares at any time commencing 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, 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, 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, and provided that, in each case, if such final date for the exercise of the right to convert is not a Stock Exchange Business Day, then the period for exercise of conversion by Bondholders shall end on the immediately preceding Stock Exchange Business Day. 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.</p> <p><b>Adjustments to Conversion Price.</b> Subject to adjustments set out in the Terms and Conditions, the initial Conversion Price at which each Conversion Share will be issued shall be S\$0.25, provided that the Conversion Price shall not be less than the par value of a Share of US\$0.01. The Conversion Price will be subject to adjustment in certain events, including: (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> <p><b>Excess Cash Dividend.</b> 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><b>Board Representative.</b> Bondholders shall be entitled to nominate a maximum of two persons to the Board. Bondholder(s) acting in concert (as defined in the Code) who hold more than 25% of the principal amount of the Convertible Bonds (at issuance) shall be entitled to nominate two persons to the Board. Subject to the priority of foregoing, Bondholder(s) who hold more than 20% but less than or equal to 25% of the principal</p>	<p>For further information on the Convertible Bonds and the Conversion Shares, refer to:</p> <ul style="list-style-type: none"> <li>• "Summary of the Principal Terms of the Rights Issue, the Convertible Bonds and the Conversion Shares" on pages 14 to 24 of the OIS.</li> <li>• "Appendix II – Terms and Conditions of the Convertible Bonds" on pages 127 to 152 of the OIS.</li> </ul>

amount of the Convertible Bonds (at issuance) shall be entitled to nominate one person to the Board. In the event of competing nominations, Bondholder(s) with the higher percentage shall prevail. 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.

**Purchase of Convertible Bonds.** The Company or any of its Subsidiaries may at any time and from time to time purchase the Convertible Bonds at any price in the open market or otherwise. Such Convertible Bonds may, at the option of the Company or the relevant Subsidiary, be held, resold or cancelled.

**Redemption for Taxation Reasons.** 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 Company.** If at any time the aggregate principal amount of the Convertible Bonds outstanding is less than 10% of the aggregate principal amount originally issued, the Company shall have the option to redeem outstanding Convertible Bonds in whole but not in part at their principal amount together with accrued interest at the date fixed for such redemption.

**Redemption at Maturity.** 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. Redemption of the Convertible Bonds may not be made at the option of the Bondholders.

**Status of the Convertible Bonds.** 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 *pari passu* 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.

**Event of Default.** If an Event of Default has occurred and is continuing, 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 Convertible Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject to being indemnified and/or secured and/or pre-funded by the Bondholders as to such amounts as may be requested and notified to the Bondholders to its satisfaction), give notice to the Company that the Convertible Bonds are, and they shall accordingly become, immediately due and repayable at their principal amount plus unpaid accrued interest (subject as provided in the Terms and Conditions and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Convertible Bonds in accordance with Condition 5 of the Terms and Conditions).

**Status of the Conversion Shares.** We have only one class of shares, and the Conversion Shares issued upon conversion of the Convertible Bonds will be fully paid and in all respects rank *pari passu* with the then existing Shares, save for any dividends, rights, allotments or other distributions for which the record date precedes the dates of registration of the Conversion Shares, subject to the Terms and Conditions.

Except as provided in the section entitled "**Important Notes**" in the OIS, there are no restrictions on the transferability of the Conversion Shares.

## Key Financial Information

The key financial information reflected in this section of the PHS includes the financial effects of the Existing Bonds, which consist of fair value gain/(loss), unrealised foreign exchange translation gain/(loss), and amortised interest costs. For financial results without the financial effects of the Existing Bonds, please refer to the full year results for FY2024, FY2023, FY2022 and FY2021, which were released by the Group on 27 February 2025, 29 February 2024, 26 February 2023 and 27 February 2022 respectively.

For further information on our financial performance, refer to paragraph 4 of "**Part 5: Operating and Financial Review and**

**Key profit and loss information**

(RMB'000)	----- Audited -----		Unaudited FY2024
	FY2022	FY2023	
Revenue	3,448,606	3,403,064	3,505,184
Profit before income tax	233,094	343,701	339,615
Profit for the year	186,796	268,482	244,412
Profit attributable to equity holders of the Company	138,799	175,772	119,437
<b><u>Before the Rights Issue</u></b>			
Basic EPS (RMB cents) <sup>(1)</sup>	17.44	22.09	15.01
Diluted EPS (RMB cents) <sup>(2)</sup>	9.26	22.09	15.01
<b><u>After the Rights Issue but before the conversion of any Convertible Bonds into Conversion Shares</u></b>			
Basic EPS (RMB cents) <sup>(1)</sup>	17.44	22.09	15.01
Diluted EPS (RMB cents) <sup>(2)</sup>	11.61	14.71	9.99
<b><u>After the Rights Issue and the issue of the Conversion Shares under the Maximum Rights Issue Scenario<sup>(3)</sup></u></b>			
Basic EPS (RMB cents) <sup>(1)</sup>	11.61	14.71	9.99
Diluted EPS (RMB cents) <sup>(2)</sup>	11.61	14.71	9.99

**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.
- (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 2022, 31 December 2023 or 31 December 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\$1.10 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 computed 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.

**Key cash flows information**

(RMB'000)	Audited FY2023	Unaudited FY2024
Net cash from operating activities	463,219	622,282
Net cash used in investing activities	(423,714)	(187,796)
Net cash from financing activities	38,317	96,271
Net increase in cash and cash equivalents	77,822	530,757
Cash and cash equivalents at end of year	663,090	1,193,847

**Key balance sheet information**

(RMB'000)	Audited FY2023	Unaudited FY2024
Total assets	7,629,095	8,307,283
Total liabilities	5,316,426	5,763,787
Net assets	2,312,669	2,543,496
Net assets attributable to owners of the Company before the Rights Issue	1,900,440	2,014,299
Net assets attributable to owners of the Company after the Rights Issue but before the conversion of any Convertible Bonds into Conversion Shares <sup>(1)</sup>	1,900,440	2,014,299
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 <sup>(1)(2)</sup>	2,430,146	2,540,577
NAV per Share before the Rights Issue (RMB cents)	238.84	253.15
NAV per Share after the Rights Issue and the issue of the Conversion Shares under the Maximum Rights Issue Scenario (RMB cents) <sup>(1)(2)</sup>	203.31	212.54

Prospects" on pages 86 to 91 of the OIS.



**Notes:**

- (1) 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 31 December 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\$1.10 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 computed 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.
- (2) Based on the exchange rate of RMB5.3772: SGD1.0 as at 31 December 2023 and RMB5.3424: SGD1.0 as at 31 December 2024.

The most significant factors contributing to our financial performance in FY2024 compared to FY2023 are set out below:

- The Group's revenue increased by approximately RMB 102.1 million or 3.0% from RMB 3,403.1 million in FY2023 to RMB 3,505.2 million in FY2024, which is mainly attributable to the steam revenue, which accounts for the majority of the Group's recurring revenue and has remained stable compared to the same period in the previous financial year.
- The Group's net profit attributable to the equity holders decreased by RMB 56.3 million or 32.1%, from RMB 175.8 million in FY2023 to RMB 119.4 million in FY2024, which is mainly attributable to an increase in other operating expenses of RMB 111.6 million, from RMB 23.0 million in FY2023 to RMB 134.6 million in FY2024. Such an increase in operating expenses in FY2024 is largely due to an increase in the provision for the allowance of biomass subsidy receivables, as announced on 4 November 2024. Excluding this provision, the Group's net profit attributable to the equity holders would have been RMB 199.5 million.

The most significant factors contributing to our financial performance in FY2023 compared to FY2022 are set out below:

- The Group's 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 is mainly attributable to 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.
- 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 mainly due to an increase in gross profit from RMB 513.1 million in FY2022 to RMB 831.6 million in FY2023 by approximately RMB 318.5 million or 62.1%. Such an increase in gross profit in FY2024 is mainly attributable 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.

The most significant factors contributing to our financial performance in FY2022 compared to FY2021 are set out below:

- The Group's revenue from continuing operations related to 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 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. mainly attributable to 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 as result of the disposal of M&S business in FY2021.

**The above factors are not the only factors contributing to our financial performance in FY2022, FY2023 and FY2024. Please refer to the other factors set out in paragraph 4 of "Part 5: Operating and Financial Review and Prospects" on pages 86 to 91 of the OIS.**

Business Strategies and Future Plans	
<p>The Group currently has 11 GI projects in commercial operation which are strategically located in industrial parks in economically developed areas or have industry clusters of excellence. The GI projects are typically exclusive suppliers in their coverage areas due to exclusive operating concessions and/or extensive networks of steam distribution pipelines that typically enhance <i>de facto</i> exclusivity. Further, the industrial steam business typically operates on a business-to-business model, where a contractual price adjustment mechanism links feedstock costs to industrial steam prices, supporting long-term profitability.</p> <p>Industrial steam is a non-discretionary input product for the Group's industrial end-users. It has a large and diversified captive customer base spanning more than 20 industries that provides resilient demand. The Group's industrial customer base is an integral part of the development of the local economy.</p>	<p>For further information on our strategies and future plans, refer to paragraph 8(b) of "<b>Part 4: Key Information</b>" on pages 76 to 78 of the OIS.</p>
Trends, Uncertainties, Demands, Commitments or Events Reasonably Likely to have a Material Effect	
<p><b>Prospects.</b></p> <p>(a) Continued ramp-up of the GI plants, namely: (i) for the 11 existing projects in commercial operation, mainly driven by the closure of small dirty boilers, the ramp-up of expansion of the existing customers, continuous relocation of new factories into industrial parks, and long-term structural development of industrial parks; (ii) Yongxing Plant's general solid waste joint venture plant is in operation; and (iii) construction of Quanjiao Project's biomass boiler which was built to supply industrial steam.</p> <p>(b) The new plant of Xintai Zhengda Project has been included in the Renewable Energy Power Generation Subsidy List of the PRC government and will receive feed-in tariff subsidies for the electricity generated by its biomass boiler in due course.</p> <p>(c) The continued execution of a holistic strategy to solidify the profitability of the GI business, namely: (i) leverage artificial intelligence to enhance efficiency and reduce operational costs; (ii) sustain the execution of the price adjustment mechanism; (iii) further reduce costs through refined management, particularly lowering financial costs, and feedstock costs through optimisation of procurement strategies and adjustment of feedstock mix; (iv) implement technological transformation and refined management in each project; (v) tap into beneficial economies of scale in the GI business; and (vi) explore new business opportunities in the medium to long term.</p> <p><b>Risk factors.</b> Certain business factors of risks which could materially affect the Group's profitability are set out in the section entitled "<b>Risk Factors</b>" of the OIS. The section entitled "<b>Risk Factors</b>" is only a summary, and is not an exhaustive description of all uncertainties, demands, commitments or events. There may be additional uncertainties, demands, commitments or events not presently known to the Group or that the Group may currently deem immaterial, which could affect its business, profitability, financial position and/or results of operations.</p> <p><b>The above are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to the other factors set out in the section entitled "Risk Factors" on pages 25 to 37 of the OIS, in particular the risk factor entitled "The GI industry landscape may face potential changes" on page 26 of the OIS.</b></p>	<p>For further information on trends and prospects, refer to paragraph 10 of "<b>Part 5: Operating and Financial Review and Prospects</b>" on pages 96 to 98 of the OIS.</p>
Use of Proceeds	
<p>Under the Maximum Rights Issue Scenario, the estimated net proceeds from the Rights Issue (after deduction professional fees and related expenses incurred in connection with the Rights Issue) (the "<b>Net Proceeds</b>") is approximately S\$98.51 million. Under the Minimum Rights Issue Scenario, the estimated Net Proceeds is approximately S\$98.36 million.</p> <p>The Company intends to utilise the Net Proceeds for the repayment of the Existing Bonds in an aggregate principal amount of approximately US\$130 million, which will mature on the Existing Bonds Maturity Date. As at the Latest Practicable Date, the outstanding principal amount of the Existing Bonds is approximately US\$60.46 million (approximately S\$80.49 million).</p>	<p>For further information on use of proceeds, refer to paragraphs 2 to 6 of "<b>Part 4: Key Information</b>" on pages 71 to 75 of the OIS.</p>

In the event if there is excess Net Proceeds after the redemption of the Existing Bonds, the remaining amount of the Net Proceeds shall be retained by the Company for working capital purposes.

## KEY RISKS

**Investing in the Convertible Bonds involves substantial risks. Set out below are some of the key risks of investing in the Convertible Bonds. This list is not exhaustive, and does not represent all the risks associated with, and considerations relevant to, the Convertible Bonds or your decision to subscribe for the Convertible Bonds. Please refer to the section entitled "Risk Factors" on pages 25 to 37 of the OIS for more information on risk factors. These risk factors may cause you to lose some or all of your investment.**

### Business-Related Risks

***There may be risks of potential changes in government policy and macro-economic conditions.*** The Group's primary place of business is the PRC. The Group cannot ensure that the policies, plans and planning of the relevant government authorities in the PRC will remain unchanged or unadjusted in the future. These policies include, but are not limited to, economic policy, environmental protection regulations, safety requirements, fiscal and taxation measures, and financial policies. Any changes in these policies could create a more challenging industry landscape and operating environment for the GI business. The relevant government authorities may enforce stricter environmental protection and safety requirements for the industry in which the Group's GI projects are located. This may require further technological reforms and upgrades by the existing GI projects and the replacement of existing equipment and instruments with more advanced and efficient equipment. As a result, the Group may need to allocate substantial resources to meet these requirements, adapt to technological and regulatory changes, and maintain its competitive edge. Moreover, a potential economic slowdown or downturn in the PRC could negatively impact the profitability and performance of the Group's assets, including its plant, property and equipment, and equity investments. Additionally, unfavourable economic conditions in the PRC could adversely affect the financial stability of the Group's customers. Further, due to geopolitical conflicts, the world remains filled with uncertainties and risks, while the resurgence of trade protectionism has cast a new shadow on the world economy following the imposition of a 10% additional tariff on imports from the PRC into the United States on 1 February 2025. The geopolitical conflicts and the trade protectionism, if escalated, could impact the GI business of the Group. Such developments could have a material adverse impact on the Group's business operations, financial condition, operating results, and future prospects.

***Potential competition from alternative sources of energy used as feedstock.*** The prices of the alternative energy sources that can be used as feedstock for steam production are constantly fluctuating. If these alternatives become substantially cheaper than the primary feedstock currently used by the Group's boilers for a relatively long period, their prolonged price advantage could undermine the cost-competitiveness of the feedstock which the Group currently utilises. Consequently, this may require the replacement of existing equipment to ensure that the Group can continue to supply steam within its coverage area at competitive prices.

***The GI industry landscape may face potential changes.*** Given the business model of the GI business and the limited availability of quality industrial parks – many of which already feature centralised steam facilities invested and operated by companies, such as the Group – other existing or potential competitors may pursue either collaboration or competition with the Group, seeking to capitalise on the trend towards centralising the supply of steam in the quality industrial parks. As such, the Group may face more competition in the GI industry in which the Group operates and will have to expend time and resources to defend its position. To supply steam in industrial parks, the Group enters into contracts with third parties, including from time to time with governmental authorities. Depending on prevailing factors, the transactional structure and terms of these contracts may be amended from time to time by mutual agreement. For instance, the Group's Lianshui Project (which is located in Huai'an City, Lianshui County, Jiangsu Province in the PRC) currently operates two 40 ton/hour coal-fired boilers and supplies steam to customers within a specified coverage area under an exclusive concession arrangement with the local government authority. Presently, the Group is in late-stage discussions with the said authority regarding (a) amending the concession agreements entered into in 2015 and 2016 and (b) a new steam supply agreement with an SOE. Based on current discussions, a new steam generation facility will be constructed by the SOE to replace Lianshui Project's existing boilers, which will then be shut down after the SOE's new facility is operational and connected to Lianshui Project's existing pipelines. Upon such connection and shutdown, the Group will receive a compensation amount. Lianshui Project will remain the exclusive supplier of steam in the coverage area with the same concession rights under the original agreement with the local government authority, albeit with a new steam sourcing arrangement whereby it will purchase steam from the SOE's steam generation facility. Further, Lianshui Project shall continue to sell steam to its existing customers within the specified coverage area and shall continue to have the right to set steam prices with its customers, subject to the government guide price. The Group will make the necessary announcements on the new arrangements after the relevant agreements have been entered into. The aforementioned details remain subject to the final terms of the new agreements to be entered into between the said parties. In the event that the terms of the new agreements or the pricing are not favourable to the Group, the Group's business, financial condition, profitability, and operating results may be adversely affected.



***The Group faces risks associated with debt financing.*** In the future, the Group may be required to raise additional funds to meet capital or operational expenditure requirements. If such funding is obtained through additional debt financing, the Group is subject to risks associated with debt, including the potential risk of insufficient cash flow to meet the required principal and interest payments under such financing. Should the Group fail to make timely payments, the mortgaged properties could be subject to foreclosure by the lender, or the lender may require a forced sale of the mortgaged properties, resulting in a loss of income and deterioration in asset value for the Group. Additionally, the Company or its Subsidiaries may enter into loan or bank facility agreements after the date of this Offer Information Statement. Lenders have the right to, inter alia, terminate such financing, enforce any security granted, or accelerate repayment of outstanding loan amounts. Any breach of these terms could materially and adversely affect the Group's business, financial condition, profitability, and operating results. Furthermore, if prevailing interest rates or other factors at the time of refinancing, such as potential reluctance from lenders to offer available debt financing, lead to higher interest rates upon refinancing, the Group's interest cost relating to such refinancing indebtedness would increase, which would adversely affect the Group's cash flow. If the Group is unable to secure financing on favourable terms, or at all, it may be unable to fund its operations, capital expenditures, and working capital requirements. This could materially and adversely affect its business, financial condition, profitability, operating results and ability to execute its growth strategy.

***The Group is subject to GI project risks which may adversely affect revenue and/or profitability.***

Inadequate existing production capacity – Steam demand from industrial customers varies throughout the day and night, which may pose a risk that the current production capacity of certain GI projects is insufficient to meet the peak demand of its industrial customers. While the Group has implemented various measures to mitigate this, such as coordinating production schedules with customers, if demand fluctuations persist or have significant impact on the operations of customers, it may require the Group to make significant investments in additional boilers to meet the demand requirements of its industrial customers.

Capital expenditure overruns – If the Group cannot accurately forecast or control the costs involved in the construction of its GI projects and expansion of the pipeline, or the reform and upgrade of its existing GI projects, expenditure on the design and implementation of the technical solutions may exceed its expectations. Such capital expenditure overruns will result in unanticipated reductions in the Group's profit margin and adversely impact the profitability and results of its operations.

Lower-than-expected demand for steam – Some of the Group's GI customers may incur a delay or disruption in orders of their end-products due to the current challenging and changing macro environment, such as escalating geopolitical conflicts, erection of trade barriers and economic factors, and other unforeseen circumstances of the industrial users, such as changes in their business plans or economic conditions, disruptions in production or supply lines, insufficient demand for their products, insufficient funding for their operations, unanticipated termination or delay of their projects, their customers' decisions not to proceed with projects or delay in the completion of projects, etc. The resulting corresponding reduction in demand for steam could have an adverse effect on the Group's business, financial condition and results of operations.

Inability or delays in collecting the trade receivables of certain customers or users – The Group typically operates on a prepaid basis with certain industrial users and on a postpaid basis for other customers. The Group may be unable to collect the trade receivables of certain customers or industrial users punctually as some of these customers may not be able to make payment as required due to reasons including, but not limited to, changes in the customer's business operating conditions.

The delay in receipt of the payment of biomass power subsidies is expected to lead to the continuous increase of the trade receivables – The settlement of biomass power subsidies is primarily governed by the prevailing national policies established by the Ministry of Finance of the PRC, without a fixed contractual payment schedule. After approval, the Ministry of Finance disburses the subsidies to the local State Grid and other relevant authorities based on the capacity of its annual budget. The local State Grid then distributes these subsidies to biomass plants based on the volume of electricity sold to the State Grid, provided that the plants are included in the subsidy catalogue and the local State Grid receives the fund from the Ministry of Finance. The Group has two biomass plants, namely Xintai Project and Tongshan Project. As there is no fixed contractual payment schedule in place for subsidy disbursements in respect of these two projects, the Group may face uncertainties in receiving such disbursements. Any delays in the receipt of subsidy disbursements may lead to an increase in trade receivables of the Group, which is a trend that may continue if such delays persist in the future.

***The feedstock price may continue to fluctuate, impacting the profitability of the Group's industrial team and civil heating businesses.*** The feedstock used in the Group's steam generation process, such as coal and biomass, constitutes a significant portion of the Group's cost of sales. As industrial steam is the Group's primary revenue-generating product, substantial increases or sharp fluctuations in feedstock prices could adversely affect the profitability of the GI business. This is because it is difficult for the price adjustment mechanism that links industrial steam price to feedstock price to respond promptly or effectively to feedstock price changes. Additionally, residential heating, another important revenue stream, plays a vital role in supporting the livelihoods of residents within the GI projects' coverage areas. However, there are constraints on raising the selling prices of residential heating. If feedstock prices increase or fluctuate significantly over an extended period, it could negatively impact the profitability or even result in losses for the heating business.

Legal, Regulatory and Enforcement Risks

***The Trustee may request that the Bondholders provide an indemnity, security and/or pre-funding to its satisfaction.*** In certain circumstances, the Trustee may, at its discretion, request the Bondholders to provide an indemnity, security and/or pre-funding to its satisfaction before it takes action on behalf of Bondholders. The Trustee shall not be obliged to take any such actions if not first indemnified, secured and/or pre-funded as to such amounts as may be requested and notified to the Bondholders to its 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 in connection therewith. Negotiating and agreeing to any indemnity, security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken, or at all. The Trustee may not be able to take actions notwithstanding the provision of an indemnity, security and/or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions directly.

***The Company may not be in a position to meet its payment obligations under the Convertible Bonds, and there are limited remedies for non-payment under the Terms and Conditions.*** The Convertible Bonds may become due and payable as a result of an Event of Default. If such event were to occur, there is no assurance that the Company will have enough funds to pay the relevant redemption amount for the Convertible Bonds. In addition, the right to institute proceedings against the Company is limited to circumstances where payment has become due in accordance with the Terms and Conditions and the Company fails to make payment when due and repayable. If an Event of Default has occurred and is continuing, the Trustee at its discretion may (but is not obliged to), and if so requested in writing by the holders of not less than 25% in principal amount of the Convertible Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall (subject to its rights under the Trust Deed to be indemnified, secured and/or pre-funded as to such amounts as may be requested and notified to the Bondholders to its 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 in connection therewith by the Bondholders), give notice to the Company that the Convertible Bonds are, and they shall accordingly thereby become, immediately due and repayable. The Trustee may, at its discretion and without further notice, take such actions and/or steps and/or institute such proceedings against the Company as it may think fit to recover any amounts due in respect of the Convertible Bonds which are unpaid, enforce repayment of the Convertible Bonds, enforce payment of accrued interest and to enforce the provisions of the Trust Deed or any of its rights under the Trust Deed including the Terms and Conditions. Further, Bondholders are not entitled to proceed directly against the Company to enforce the performance of any of the provisions of the Trust Deed and the Convertible Bonds unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure is continuing.

***The Convertible Bonds are not secured.*** The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company. The Convertible Bonds shall at all times rank *pari passu* and rateably without any preference or priority among themselves, and shall rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company from time to time outstanding. On a winding-up or dissolution of the Company, the Bondholders will not have recourse to any specific assets of the Company and its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Convertible Bonds owed to the Bondholders and there is no assurance that there would be sufficient value in the assets of the Company, after meeting all claims ranking ahead of the Convertible Bonds, to discharge all outstanding payment and other obligations under the Convertible Bonds owed to the Bondholders.

***The Convertible Bonds are not redeemable at the option of the Bondholders.*** The Convertible Bonds may be redeemed at the option of the Company in whole upon specified changes in tax law or if the outstanding principal amount of the Convertible Bonds falls below 10% of the aggregate principal amount initially issued. The Convertible Bonds may become due and payable as a result of an Event of Default. However, the Bondholders have no right to require the Company to redeem the Convertible Bonds. Unless redeemed at the option of the Company or unless the Convertible Bonds become due and payable as a result of an Event of Default, the Convertible Bonds may only be disposed of by sale prior to their maturity date or by optional conversion into Conversion Shares on the Maturity Date. Upon such conversion, the Bondholders will receive Conversion Shares and will not be repaid in cash. Bondholders who wish to sell their Convertible Bonds may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Convertible Bonds or if permission is not granted by the SGX-ST for the listing and quotation of the Convertible Bonds on the Main Board of the SGX-ST due to an insufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the Convertible Bonds or any other reason.

### Market and Credit Risks

***The Rights Issue or other factors may cause the price of the Shares to decrease and the Conversion Price of the Convertible Bonds is not an indication of the underlying value of the Shares.*** The initial Conversion Price of S\$0.25 is at a discount of 9.09% to the closing price of the Shares of S\$0.275 on 6 December 2024. The Conversion Price does not bear a direct relationship to the book value of the Company's assets, past operations, cash flow, earnings, financial condition or any other established criteria for value, and Shareholders should not consider the Conversion Price to be any indication of the underlying value of the Shares. The market price for the Shares on the SGX-ST (including the Nil-Paid Rights and the Conversion Shares) could be subject to significant fluctuations. Any fluctuation may be due to the market's perception of the likelihood of completion of the Rights Issue and/or be in response to various factors some of which are beyond the Company's control. Representative examples of such factors include but are not limited to: (a) industry and economic conditions, generally or in the industry that the Group operates, affecting its operating results; (b) interest rate trends, (c) continued availability of working capital financing in the amounts and on the terms necessary to support future business, (d) capital availability and cost of capital for existing debt refinancing needs, (e) competition from other companies and avenues for the sales/distribution of similar services, (f) seasonal and structural shifts in customer demand, (g) changes in operating expenses, including raw material costs, and (h) changes in governmental policies and planning that may affect the operation and the profitability of the GI business. Any of these events could result in a decline in the market price of the Shares (including the Nil-Paid Rights and the Conversion Shares) during and after the Rights Issue. There is also no assurance that the market price of the Shares will be equal to or higher than the Conversion Price.

### Liquidity Risks

***The Convertible Bonds may not be listed on SGX-ST.*** Approval-in-principle has been obtained from the SGX-ST for the listing and quotation of the Convertible Bonds and the Conversion Shares on the Main Board of the SGX ST, subject to certain conditions, including there being a sufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the Convertible Bonds. 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. There is no assurance that the Convertible Bonds will, upon issue, be listed and quoted on the Main Board of the SGX ST. In the event that permission is not granted by the SGX ST for the listing and quotation of the Convertible Bonds on the Main Board of the SGX ST due to an insufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the trading of the Convertible Bonds, the Convertible Bonds may be traded over-the-counter on the Debt Securities Clearing and Settlement System. In such event, Bondholders will not be able to trade their Convertible Bonds on Main Board of the SGX ST.

***There is no prior market for the Convertible Bonds nor any assurance that one will develop to provide liquidity for the Convertible Bonds.*** The Convertible Bonds are a new issue of securities for which there is currently no trading market. There is no assurance that an active trading market for the Convertible Bonds will develop or, if a market does develop, as to the liquidity or sustainability of any such market and the ability of Bondholders to sell their Convertible Bonds or the price at which Bondholders will be able to sell their Convertible Bonds. If an active market for the Convertible Bonds fails to develop or is not sustained, the trading price for the Convertible Bonds could fall below the Issue Price of the Convertible Bonds. Even if an active trading market for the Convertible Bonds were to develop, the Convertible Bonds could trade at prices that may be lower than the Issue Price. The trading price of the Convertible Bonds will depend on many factors, including, but not limited to: (a) prevailing interest rates and interest rate volatility; (b) fluctuations in the market price of the Shares; (c) the market for similar securities; (d) the Group's financial condition, financial performance and future prospects; (e) the publication of earnings estimates or other research reports and speculation in the press or the investment community; (f) changes in the Group's industry and competition; and (g) general market, financial and economic conditions.

### Other Pertinent Risks

***Modifications and waivers.*** The Trust Deed contains provisions calling meetings of Bondholders to consider matters affecting their interest generally, including modification of the Convertible Bonds or any provision of the Trust Deed. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. The Trust Deed may agree, without the consent of the Bondholders to (a) any amendment, alteration or addition to (except as mentioned in Condition 14(A) of the Terms and Conditions), or the waiver or authorisation of any breach or proposed breach of, the Convertible Bonds, the Agency Agreement or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders or (b) any modification to the Convertible Bonds, the Agency Agreement or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error, remove obsolete provisions, or to comply with mandatory provisions of law or fiscal, statutory or official requirements, whether or not having force of law. Any such modification, waiver or authorisation will be binding on the Bondholders. Any material modification to the terms of the Convertible Bonds which is for the benefit of the Bondholders shall not be effected without the prior approval of the Shareholders, unless such modification is made pursuant to the terms of the Convertible Bonds. For the avoidance of doubt, any modification 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.

#### DEFINITIONS

Unless otherwise defined herein or the context otherwise requires, all capitalised terms used in this PHS shall bear the same meanings ascribed to them in the OIS.

#### CONTACT INFORMATION

##### HOW DO YOU CONTACT US?

If you have questions, please contact the Company at [adam@sunpowergroup.com.cn](mailto:adam@sunpowergroup.com.cn).