

FY2014 Result Briefing

13 Feb 2014

Disclaimer

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

Presentation Outline

- ◆ Corporate Overview
- ◆ FY2014 Results Highlights
- ◆ Growth Strategies & Plans
- ◆ Investment Merits
- ◆ Questions and Answers

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Corporate Overview

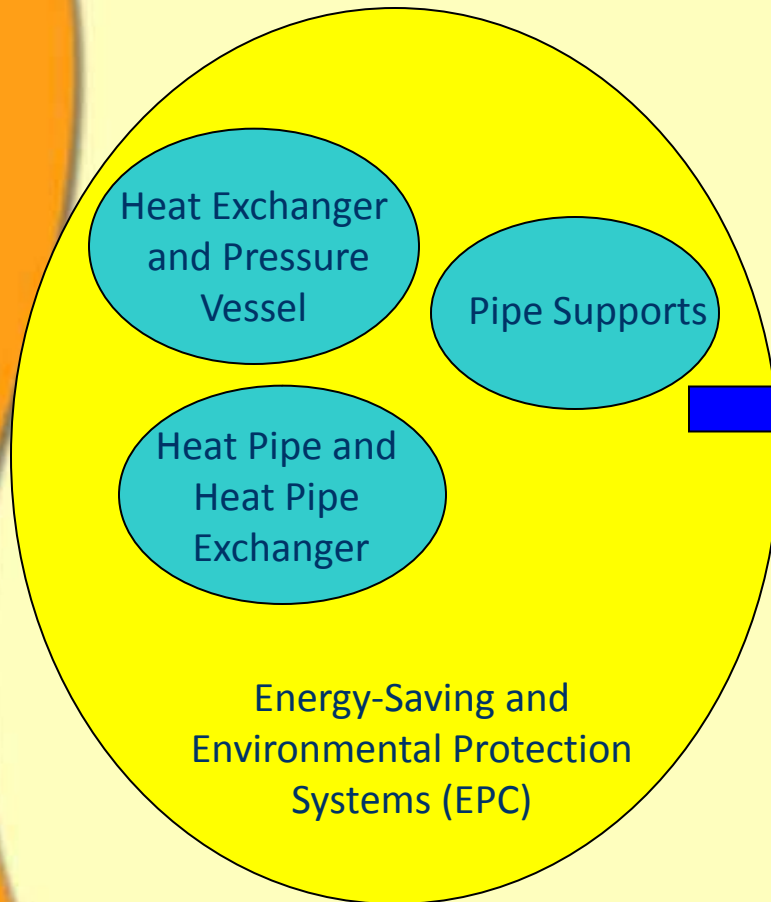
Corporate Overview

- ❖ Established in 1997, listed on SGX in 2005.
- ❖ A leading EPC supplier for energy-saving and energy efficiency related business, namely as Heat Exchanger and Pressure Vessel, Heat Pipe and Heat Pipe Exchanger, Pipe Supports and Energy-Saving & Environmental Protection Systems.
- ❖ With our leading position in the domestic market, the Group has established a well-diversified global customer base by exporting products to overseas countries and regions such as the United States, Europe, Australia, Southeast Asia, South Asia, Central Asia, South America and the Middle East.
- ❖ Our products have been applied in many industries such as oil & gas, petrochemical & chemical, metallurgical, LNG, coal chemical, seawater desalination, sulfur recovery and other emerging energy-saving industries.
- ❖ Strong intellectual properties with 119 patents on hand, National Standards for 4 products, research institute for industrial energy-saving, postdoctoral program, corporate academician programmes.



Business Model

Products & Services Provided



MNCs Customers

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

The list is endless.....

Patents 119

Heat Pipes and Heat Pipe Exchangers
54



Pipe Supports **17**



Heat Exchangers and Pressure Vessels
25



Energy Saving and Environmental
Protection Systems **23**



Growth Drivers

- ❖ Chinese government has formally issued the new environmental protection law recently which would make many companies continue to increase investment in environmental protection in the future.
- ❖ Chinese government still makes efforts to achieve the localization of the key technology and equipments in the environmental protection industry.
- ❖ The high-end equipment manufacturing industry, especially high-tech and strategic emerging industries will continue to be the main driving force of restructuring.

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FY2014 Results Highlights

FY2014 Result Highlights

- ❖ Revenue decreased 5.2% to RMB1,235.2 million.
- ❖ Pre-tax profit increased 5.7 % to RMB72.0 million.
- ❖ PATMI increased 4.2 % to RMB56.1 million.
- ❖ Gross profit margin increased from 21.3% to 21.9%.

FY2014 Result Highlights

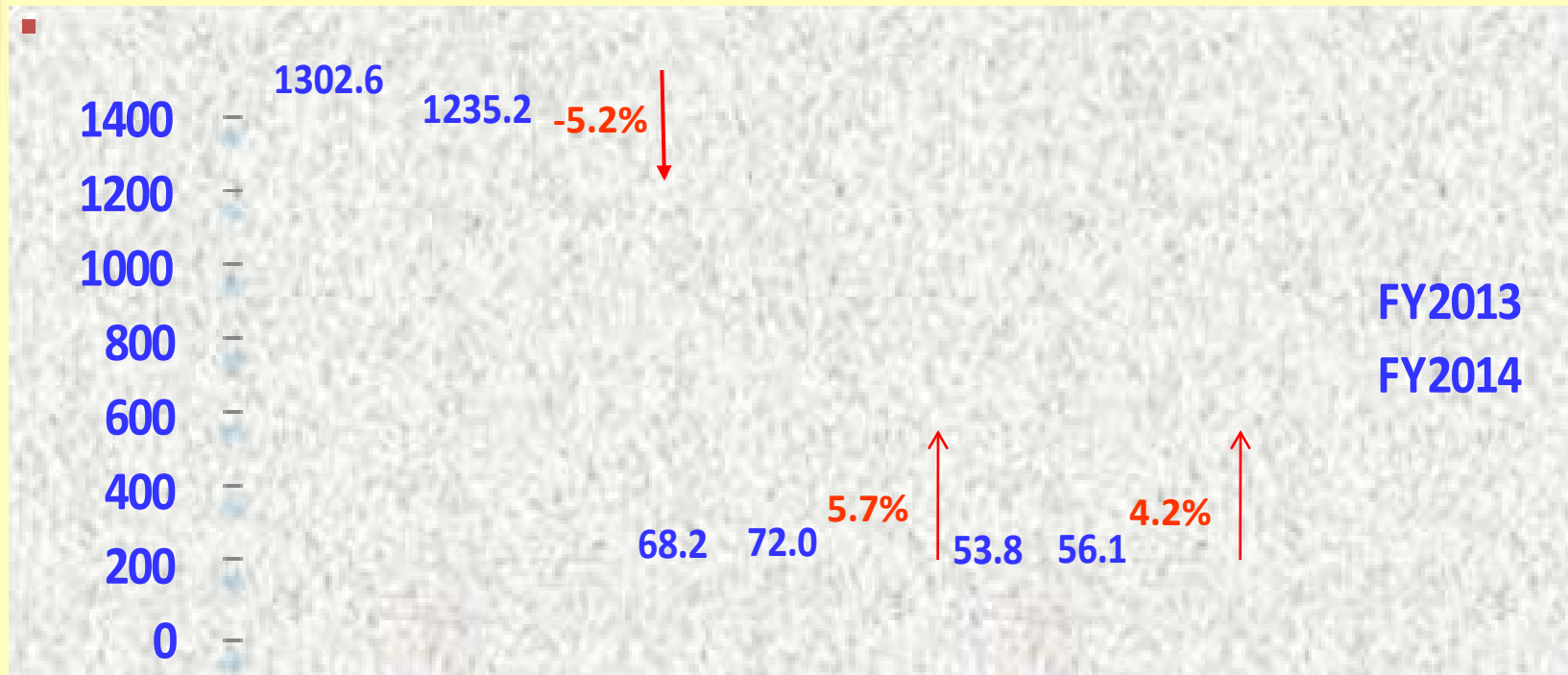
- ❖ The Group's revenue decreased by RMB 67.4 million or 5.2% from RMB 1,302.6 million in FY2013 to RMB 1,235.2 million in FY2014 mainly due to the decrease in revenue from the Heat Exchangers and Pressure Vessels segment of RMB 159.3 million which outweighed the increase in Energy Saving and Environmental Protection Systems segment of RMB 81.2 million.
- ❖ The Group's gross profit decreased slightly by RMB 7.6 million or 2.7% from RMB 278.1 million in FY2013 to RMB 270.4 million in FY2014. Gross profit margin of 21.9% for FY2014 is fairly constant compared to 21.3% for FY2013.
- ❖ The Group's net profit attributable to shareholders increased by RMB 2.3 million or 4.2% from RMB 53.8 million in FY2013 to RMB 56.1 million in FY2014.

Profit & Loss Highlights

RMB (million)	FY2014	FY2013	% Change
Revenue	1,235.2	1,302.6	-5.2
Gross Profit	270.4	278.1	-2.7
Pre-tax Profit	72.0	68.2	5.7
PATMI	56.1	53.8	4.2
Gross Margin	21.9%	21.3%	0.6pp
PATMI Margin	4.5%	4.1%	0.4pp
EPS (RMB cents)	15.11	16.36	-7.6

Profit & Loss Highlights

RMB (million)



Revenue

Pre-tax Profit

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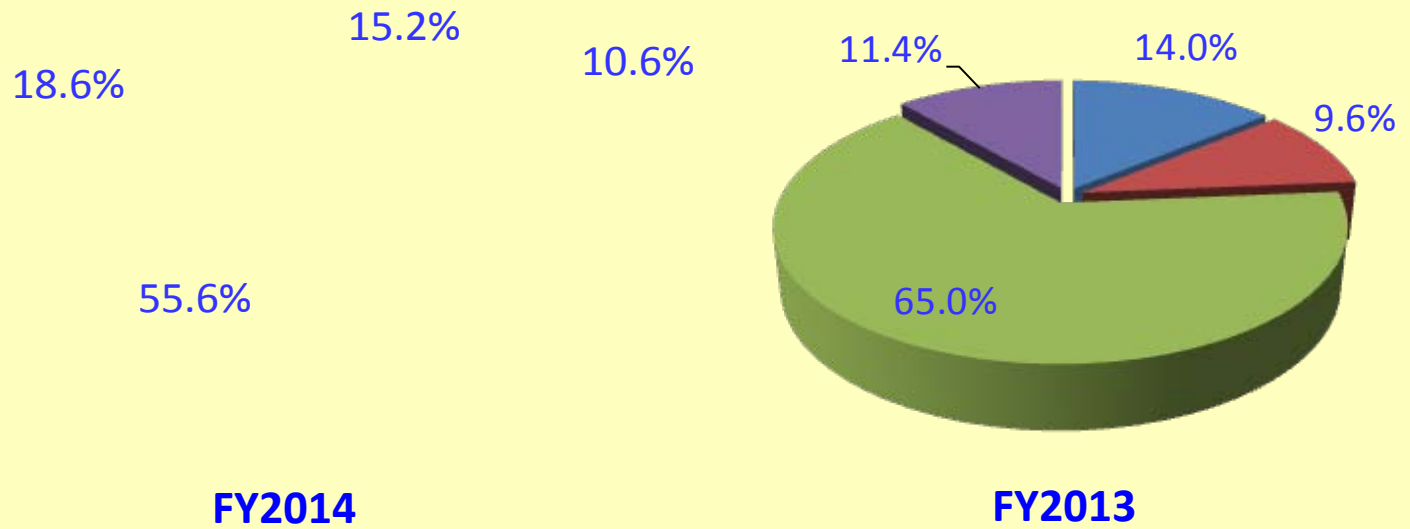
Revenue Composition

Heat pipes and heat pipe exchangers

Pipe supports

Heat exchangers and Pressure vessels

Energy saving and environmental protection systems



Balance Sheet Summary

RMB (million)	FY2014	FY2013	% Change
Trade Receivables	1,058.6	1,162.7	-9.0%
Inventories	265.3	252.3	5.2%
Total Current Assets	1,573.3	1,690.8	-7.0%
Non Current Assets	350.0	347.3	0.8%
Current Liabilities	1,225.0	1,438.8	-14.9%
Equity	695.5	596.8	16.5%
Total Liabilities & Equity	1,923.3	2,038.1	-5.6%

Financial Review

The Group's total current assets decreased by RMB 117.5 million or 7.0% from RMB 1,690.8 million as at 31 December 2013 to RMB 1,573.3 million as at 31 December 2014.

The decrease was mainly due to:

- a) Decrease in cash and cash equivalents of RMB 8.3 million;
- b) Decrease in pledged bank deposits of RMB 1.8 million with less collaterals required due to less borrowings;
- c) Decrease in trade receivables of RMB 104.1 million arising mainly from better collections attributable to the efforts of management to follow up with customers. For trade receivables as at 31 December 2013 and 31 December 2014, approximately 31.24% and 7.6% respectively of the balances due were collected by 31 January 2015; and
- d) Decrease in the other receivables, deposits and prepayment of RMB 16.4 million as a result of less advance payment for purchase made in FY2014.

The above decreases were offset by the following:

Increase in inventories of RMB 13.1 million due to increased raw material and work in progress of RMB 19.9 million to fulfill the orders on hand, offset by the decrease in finished goods of RMB 9.6 million.

Financial Review

The Group's total current liabilities decreased by RMB 213.8 million or 14.9% from RMB 1,438.8 million as at 31 December 2013 to RMB 1,225.0 million as at 31 December 2014. The decrease was mainly due to:

- a) Decrease in trade payables of RMB 143.5 million largely due to a fall in customer advances of RMB 129.8 million; and
- b) Decrease in other payables of RMB 39.6 million largely due to the decrease in accrued value-added tax of RMB 32.4 million; and
- c) Decrease in borrowings of RMB 28.1 million mainly due to the repayment of loans.

Cash Flow Highlights

RMB (million)	FY2014	FY2013
From Operating Activities	27.2	17.2
From Investing Activities	-51.6	-72.9
From Financing Activities	16.1	32.6
Net Cash Flow (outflow)	110.5	118.8

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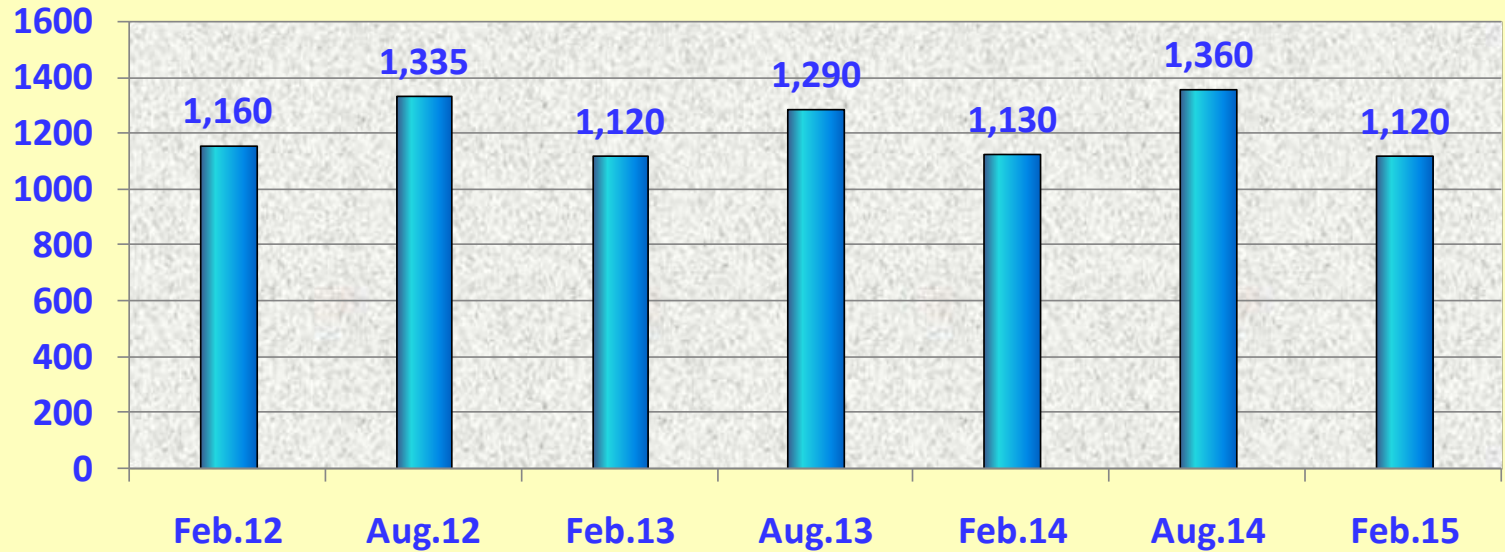
Growth Strategies & Plans

Growth Strategies & Plans

- ❖ Increase the R&D investment especially in some new promising industries.
- ❖ Expands to more business such as industrial wastewater treatment, air pollution control and related industries with the product structure's adjustment and optimization, new business mode including BOO, BOT and EMC and etc.
- ❖ Strengthen the international management team and continue to make efforts to expand to new international markets based in the domestic market.

Order book Update

RMB (million)



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Investment Merits

Investment Merits

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

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Questions & Answers

Thank you!