



SUNPOWER GROUP LTD.

RESPONSES TO SUBSTANTIAL & RELEVANT QUESTIONS RECEIVED FROM SHAREHOLDERS, SUBMITTED FOR THE SPECIAL GENERAL MEETING ON 27 MAY 2022

Further to the Notice of Special General Meeting dated 6 May 2022, the Board of Directors (the “**Board**”) of Sunpower Group Ltd. (“**Sunpower**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to provide the following information in response to substantial and relevant questions received from shareholders between 6 May 2022 and 20 May 2022 for the purpose of our special general meeting (“**SGM**”) that will be held on 27 May 2022.

Substantial and Relevant Questions

1. **What are measure to grow, future venture? since the economy has opened after Covid-19 global crisis, what are your future steps to further develop, safeguard shareholders trust, what are your management strategy to grow profitably, future plans for next 10 years**

Company’s response:

Sunpower is committed to improving the long-term value of the Company for Shareholders. In 2021, the Company paid a substantial special dividend of S\$0.2412 per share to Shareholders and Bondholders out of the majority of the net proceeds of the disposal of the Manufacturing and Services (M&S) business. This unlocking of value substantially improved the returns for investors in 2021.

After the disposal of the M&S business, the sole principal business of the Group is Green Investments (GI), which has a strong market position as a leading centralised provider of clean steam and a reliable business model with established strengths. The GI projects typically have 30-year concessions which confer a strong market position to supply steam, a non-discretionary input product, to a large base of industrial customers that provides resilient counter-cyclical demand, further bolstered by technologies that act as entry barriers against competition. B2B arrangements enable GI plants to require either pre-

payment or post-payment for the use of steam by industrial customers, while a price formation mechanism that links feedstock cost to the industrial steam price allows reliable long-term profitability.

As previously disclosed on 15 May 2022, there has been some temporary headwinds in the near-term, namely the rising and volatile trend of feedstock prices as a result of the geopolitical issues globally and the resurgence of the pandemic in certain areas of China. Despite the challenges, the Company saw strong demand from its industrial customers in 1Q 2022. Steam sales volume grew 22.3% YoY in 1Q 2022 and GI revenue grew 53.1% YoY¹. Sunpower has executed mitigation measures since last year and will continue to execute these measures to help the Company navigate through these challenges. The mitigation measures include but are not limited to raising steam prices with customers; diversifying the feedstock mix to include biomass, sludge and general solid waste; continued implementation of the cost-reduction strategy of controlling unit material use and blended combustion of sludge and other wastes; stocking up on feedstock when prices are conducive; optimisation of steam transmission efficiency; strengthening the ramp-up of GI plant utilisation by connecting to more customers; and further reinforcing the refined management of the GI plants.

Looking ahead, the Company will continue to adhere to its strategic positioning as a centralised industrial steam supplier that is flexible on the fuel sources and practise ESG values in each aspect. Sunpower's growth strategy is aligned with the national policies of China and it strives to help the country to achieve carbon peak and carbon neutrality. Barring unforeseen circumstances, the Company expects its sustainable growth over the upcoming years to come from the large addressable market, the existing projects that are continuously being ramped up, and its strong project pipeline. Sunpower has a strong track record in realising the great potential of the GI business, and it will continue to execute its two-pronged strategy that emphasises the quality of development, namely by:

- (1) Solidifying its already-leading position through (a) the continuous ramp-up of its existing GI portfolio, supported by further expansion of the coverage areas and customer base of the projects but with less intense capital expenditure; (b) proceeding with the planned construction of the expansion phases of certain existing projects; (c) continuous closure of small "dirty" boilers; and (d) the continuous cultivation of the earnings quality and asset returns of existing projects.
- (2) Tapping into its proven ability to identify and invest in additional promising GI projects that meet the investment hurdles of the Company.

¹ For further details, please refer to the earnings announcements released by the Company on 15 May 2022.

By order of the Board

Ma Ming

Executive Director and Chief Executive Officer

26 May 2022

Forward-looking Statement

This disclosure includes forward-looking statements and financial information provided with respect to the anticipated future performance and involve assumptions and uncertainties based on the Group's view of future events. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Among other things, the disclosures on the Company's strategy, operations and business outlook may contain forward-looking statements. The actual results may vary from the anticipated results and such variations may be material. Accordingly, there can be no assurance that such projections and forward-looking statements can be realized. No representations or warranties are made as to the accuracy or reasonableness of such assumptions of the forward-looking statements and financial information based thereon. The Group undertakes no obligation to update forward-looking statements and financial information to reflect subsequent occurring events or circumstances, or to changes in its expectations, except as may be required by law. The past performance of the Group is not necessarily indicative of the future performance of the Group.