



2Q2014 Result Briefing

13 Aug 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
- ◆ 2Q 2014 Results Highlights
- ◆ Growth Strategies & Plans
- ◆ Investment Merits
- ◆ Questions and Answers

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Corporate Overview

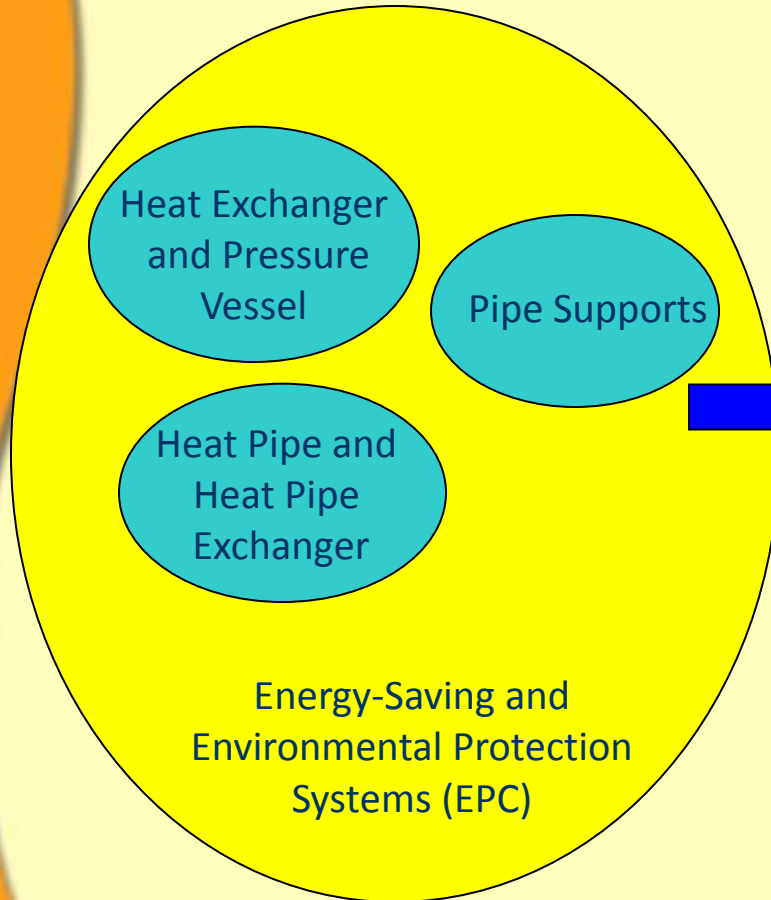
Corporate Overview

- ❖ 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 107 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 107 (2 added)

Heat Pipes and Heat Pipe Exchangers
28



Heat Exchangers and Pressure Vessels
29



Pipe Supports 15



Energy Saving and
Environmental Protection
Systems
35



Growth Drivers

- ❖ To replace the high-polluting old growth model, the Chinese government has issued a set of preferential policies to nurture the environmental protection industry.
- ❖ The Chinese government also implemented a series of measures in succession for stabilizing growth and taken effect.
- ❖ China will accelerate industrial upgrading and further reduce excessive production capacity to improve the environment.

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2Q2014 Results Highlights

2Q2014 Result Highlights

- ❖ Revenue increased 22.8% to RMB301.4 million.
- ❖ Pre-tax profit increased 50.8 % to RMB25.9 million.
- ❖ PATMI increased 50.6 % to RMB22.0 million.
- ❖ Gross profit margin decreased from 27.9% to 25.1%.

2Q2014 Result Highlights

- ❖ The Group's revenue increased by RMB 56.0 million or 22.8% from RMB 245.4 million in 2Q2013 to RMB 301.4 million in 2Q2014 due primarily to the increased revenue derived from Heat Pipes and Heat Pipe Exchangers of RMB 22.9 million and Energy Saving and Environmental Protection Systems of RMB 28.5 million.
- ❖ The Group's profit before tax increased by RMB 8.7 million or 50.8% from RMB 17.2 million in 2Q2013 to RMB 25.9 million in 2Q2014 mainly due to the improvement in the gross profit of RMB 7.2 million, and the decrease in other operating expenses of RMB 0.6 million due to lower impairment allowance of trade receivables in 2Q2014 as compared to 2Q2013.
- ❖ The Group's net profit attributed to the shareholders increase by RMB 7.4 million or 50.6% from RMB14.6 million in 2Q2013 to RMB 22.0 million in 2Q2014.

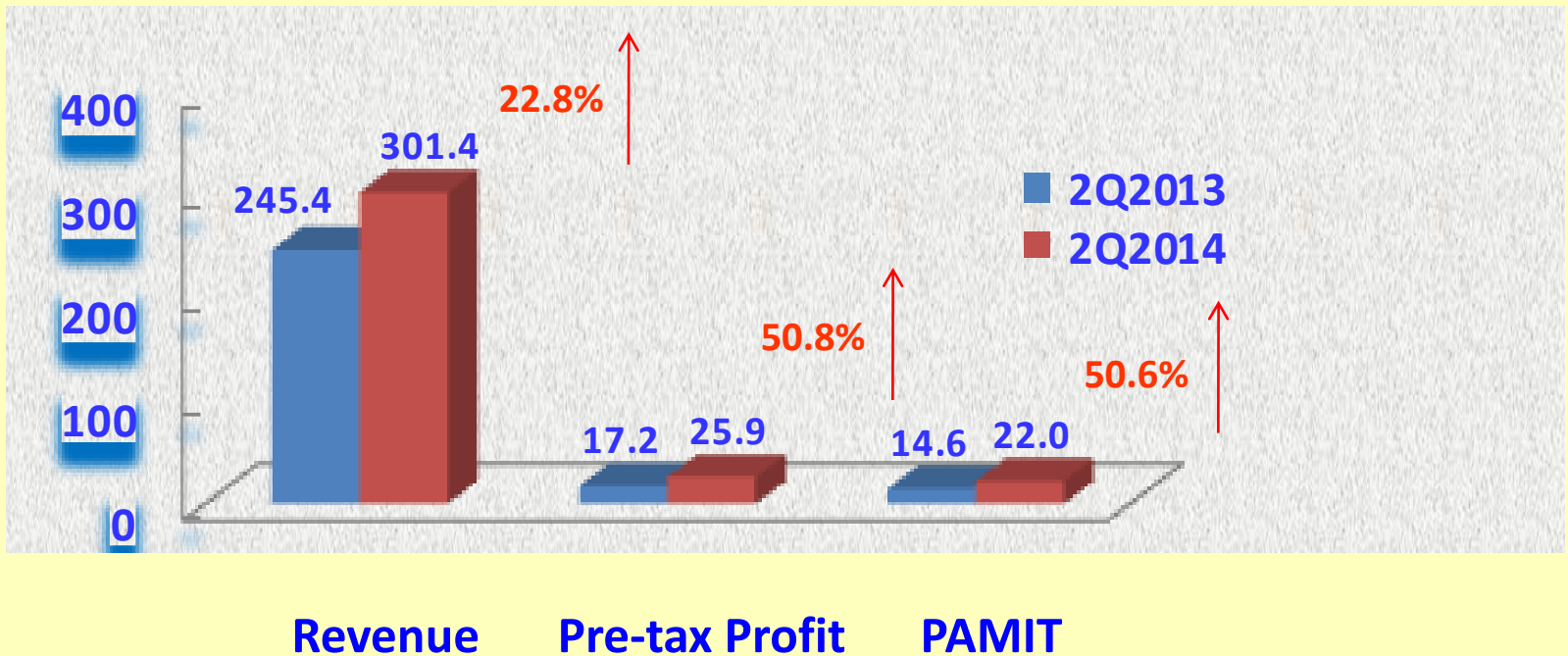
Profit & Loss Highlights

RMB (million)	2Q2014	2Q2013	% Change
Revenue	301.4	245.4	22.8
Gross Profit	75.5	68.3	10.5
Pre-tax Profit	25.9	17.2	50.6
PATMI	22.0	14.6	50.7
Gross Profit Margin	25.1%	27.9%	(2.8)pp
PATMI Margin	7.3%	5.9%	1.4pp
EPS (RMB cents)	6.0	4.4	36.4

pp: percentage points

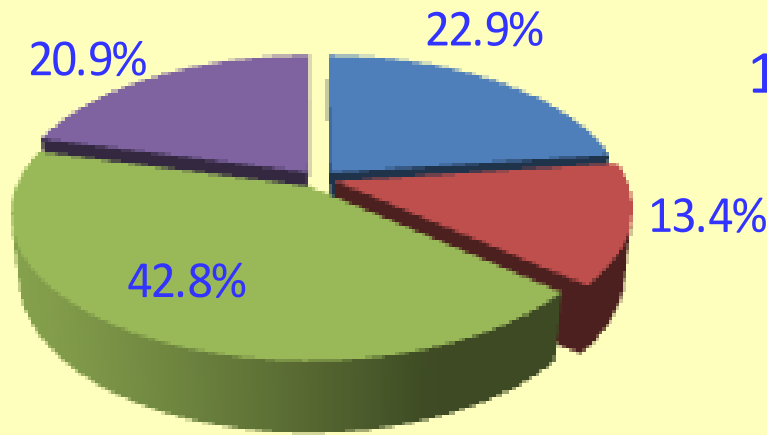
Profit & Loss Highlights

RMB (million)

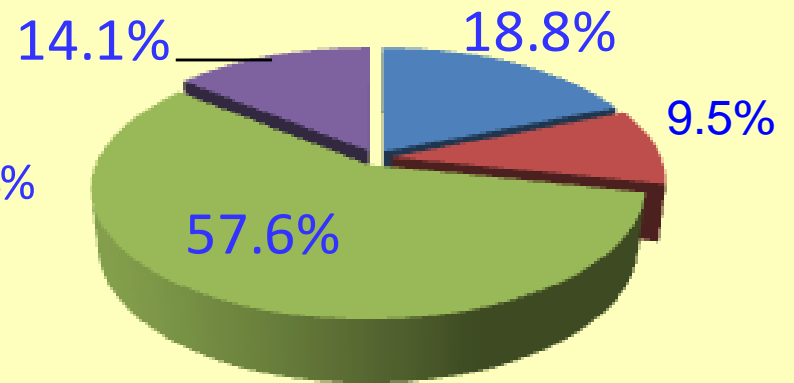


Revenue Composition

- Heat pipes and heat pipe exchangers
- Pipe supports
- Heat exchangers and Pressure vessels
- Energy saving and environmental protection systems



2Q2014



2Q2013

Balance Sheet Summary

RMB (million)	2Q2014	FY2013	% Change
Trade Receivables	999.0	1,162.7	-14.1%
Inventories	301.4	252.3	19.5%
Total Current Assets	1,630.4	1,690.8	-3.6%
Non Current Assets	359.9	347.3	3.6%
Current Liabilities	1,316.7	1,438.8	-8.5%
Equity	670.9	596.8	12.4%
Total Liabilities & Equity	1,990.3	2,038.1	-2.4%

Financial Review

The Group's total current assets decreased slightly by RMB 60.5 million or 3.6% from RMB 1,690.8 million as at 31 December 2013 to RMB 1,630.4 million as at 30 June 2014. The decrease was mainly due to the following:

- ❖ Decrease in trade receivables of RMB 163.7 million arising mainly from better collections attributable to the conscientious efforts of management to follow up with its customers;
- ❖ Decrease in pledged bank deposits of RMB 9.5 million; offset by
- ❖ Increase in cash and cash equivalents of RMB 62.6 million; and
- ❖ Increase in inventories of RMB 49.1 million due to increased raw material and work-in-progress products to fulfill the order books on hand.

Financial Review

The Group's total current liabilities decreased by RMB 122.1 million or 8.5% from RMB 1,438.8 million as at 31 December 2013 to RMB 1,316.7 million as at 30 June 2014. The decrease was mainly due to the following:

- ❖ Decrease in trade payables of RMB 43.3 million as a result of decrease in notes payables with recourse and third parties of RMB 110.8 million in aggregate offset by the increase in trade payable from third parties of RMB 86.9 million;
- ❖ Decrease in other payables of RMB 41.6 million mainly due to the final payment of RMB 21.4 million made for land use rights in 1Q2014, accrued salaries and value-added tax of 28.7 million in aggregate.; and
- ❖ Decrease in borrowings of RMB 36.7 million due to the repayments made during the period under review.

Cash Flow Highlights

RMB (million)	2Q2014	2Q2013
From Operating Activities	70.0	23.5
From Investing Activities	-5.0	-26.0
From Financing Activities	-16.5	30.0
Net Cash Flow (outflow)	181.4	158.1

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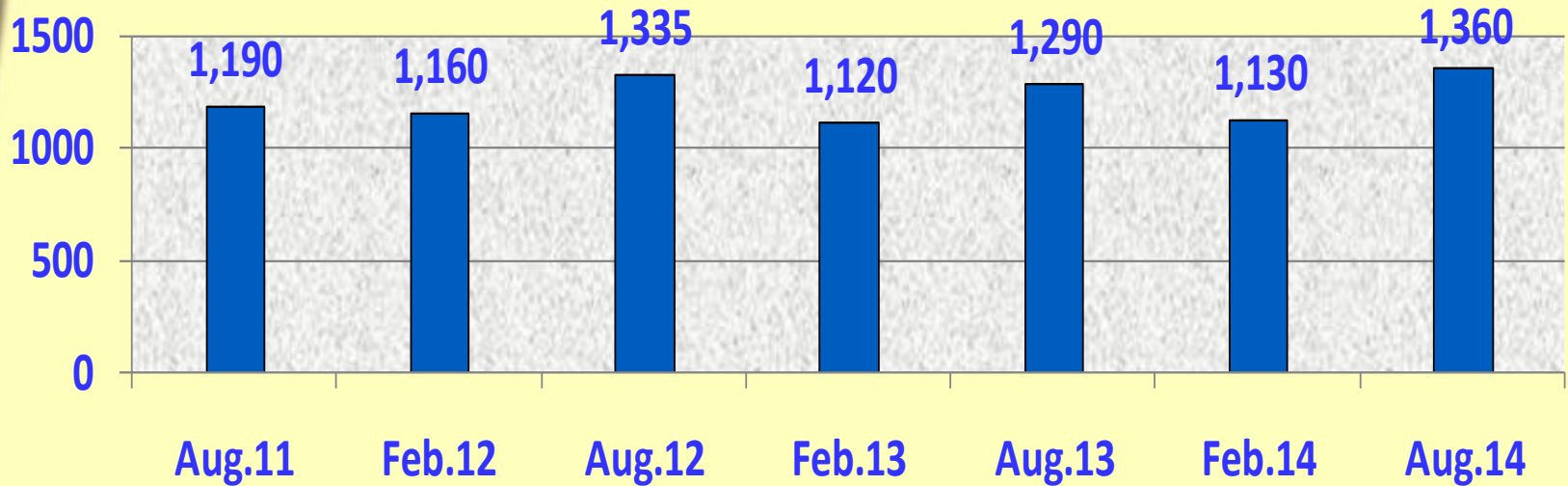
Growth Strategies & Plans

Growth Strategies & Plans

- ❖ Expand into the overseas market and emerging industries in order to seek more opportunities and profit point.
- ❖ Increase the R&D investment and integrate the markets and resources to strengthen our business.
- ❖ Optimize the internal management system according to the new organizational structure.

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!