



**SUNPOWER GROUP LTD.**

(Company Registration No. 35230)

(Incorporated in Bermuda with limited liability)

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- (1) **THE PROPOSED DISPOSAL OF THE ENTIRE MANUFACTURING AND SERVICES (M&S) BUSINESS OF THE COMPANY AND THE TRANSACTION IPTS; AND**
- (2) **THE PROPOSED AMENDMENTS TO THE CONVERTIBLE BOND PURCHASE AGREEMENTS**
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**1. INTRODUCTION**

**1.1 The Proposed Disposal**

1.1.1 The Board of Directors (the "**Board**") of Sunpower Group Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that Sunpower International Holding (Singapore) Pte. Ltd. ("**Sunpower International**"), a wholly-owned subsidiary of the Company, has on 31 December 2020 entered into a sale and purchase agreement (the "**SPA**") with Nanjing Sunpower Holdings Co., Ltd. (南京中圣控股有限责任公司) (the "**Purchaser**"), pursuant to which Sunpower International has agreed to sell, and the Purchaser has agreed to acquire, the entire issued and paid-up share capital (the "**Sale Shares**") of Sunpower Technology (Jiangsu) Co., Ltd. (中圣科技(江苏)有限公司), an indirect wholly-owned subsidiary of the Company ("**Sunpower Technology**"), on the terms and subject to the conditions of the SPA (the "**Proposed Disposal**").

By disposing of the Sale Shares, the Group will dispose of (a) the entire M&S Business (as defined in Paragraph 2.1 of this Announcement) of the Group as a going concern, and (b) all of the property, assets, rights, undertakings and liabilities of the Group pertaining to the M&S Business Assets (the "**M&S Business Assets**"), which includes the Group's legal and beneficial interest in Sunpower Technology and its subsidiaries (collectively, the "**M&S Group**" and each, a "**M&S Group Company**"), and the Group's remaining core business will be the GI Business (as defined in Paragraph 2.1 of this Announcement).

1.1.2 The salient terms of the Proposed Disposal are as follows:

<b>Term</b>	<b>Description</b>
Consideration	<b>RMB2,290,000,000</b> (the " <b>Consideration</b> "), which is payable in two (2) tranches. Please refer to Paragraph 4.1.2 of this Announcement for further details.
Financial Evaluation of Consideration	The Consideration represents a historical FY2019 price-earnings ratio of 12.2 times and represents a premium of 21.2% to 32.7% over the independent valuation of the M&S Group as at 30 September 2020 of RMB1,726 million to RMB1,890 million conducted by the independent valuer, EY Corporate Advisors Pte. Ltd. dated 24 December 2020 (the " <b>Independent Valuation Report</b> ").

	The Consideration also represents a premium of 81.7% and 94.4% over the unaudited pro forma net asset value (" <b>NAV</b> ") and net tangible assets (" <b>NTA</b> ") of the M&S Group as at 30 September 2020 of RMB1,260 million and RMB1,178 million respectively.
Use of Proceeds	<p>In connection with the Proposed Disposal, the Company intends to declare a special dividend of an approximate aggregate amount of <b>RMB1,340,000,000</b> (the "<b>Proposed Special Dividend</b>"), which will be paid to the shareholders of the Company (the "<b>Shareholders</b>") (as well as the Bondholders (as defined in Paragraph 1.2 of this Announcement) in accordance with the Existing Terms (as defined in Paragraph 3.1.1 of this Announcement)) in two (2) tranches. The Proposed Special Dividend amounts to approximately <b>RMB1.1627 per Share (S\$0.2359 per Share<sup>1</sup>)</b>, on a fully-diluted basis<sup>2</sup>.</p> <p>The balance of net proceeds arising from the Proposed Disposal of approximately RMB2,021,000,000, after deducting transaction expenses of approximately RMB269,000,000, will be used for (a) undertaking the existing green investment projects ("<b>GI Projects</b>") and general working capital purposes and (b) repaying the existing M&amp;S Payables.</p> <p>Please refer to Paragraph 8 of this Announcement for further details on the two (2) tranches of the Proposed Special Dividend and the use of proceeds from the Proposed Disposal.</p>

1.1.3 As the Proposed Disposal constitutes a "major transaction" pursuant to Rule 1014 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and, along with the Transaction IPTs (as defined in Paragraph 4.2 of this Announcement), is a deemed interested person transaction under Chapter 9 of the Listing Manual exceeding 5% of the Company's market capitalisation as at 31 December 2019, the Proposed Disposal is subject to the approval of Shareholders at a special general meeting to be convened by the Company (the "**SGM**"). Please refer to Paragraphs 5 and 6 of this Announcement for further details.

1.1.4 The Company has appointed Stirling Coleman Capital Limited as the financial adviser to the Company in respect of the Proposed Disposal and the Proposed Amendments (as defined in Paragraph 1.2 of this Announcement).

## 1.2 The Proposed Amendments to the Convertible Bond Purchase Agreements

In connection with the Proposed Disposal, the Company, together with Glory Sky Vision Limited (an affiliate of CDH China Management Company Limited, "**CDH**") and Blue Starry Energy

<sup>1</sup> Unless otherwise stated, the SGD equivalent of the RMB figures in this Announcement have been arrived at based on the exchange rate of SGD1.00:RMB4.9277 as at 30 December 2020.

<sup>2</sup> For the purposes of the Proposed Special Dividend, the total number of ordinary shares in the issued and paid-up capital of the Company (the "**Shares**") are computed based on 1,152,523,142 Shares (the "**Fully Diluted Total Shares**"), which is based on (a) the total number of issued Shares as at the date of this Announcement; (b) 358,188,000 Shares, assuming full conversion of the total number of Issued Bonds as at the date of this Announcement (being an aggregate principal amount of US\$130 million); (c) assuming all of the share options which have been granted as part of the Sunpower Employee Share Option Scheme 2015 have been fully exercised and issued (including 5,029,000 share options which have not been fully exercised and issued as at the date of this Announcement); and (d) excluding 2,542,000 Shares which are held in treasury. The actual amount of the Proposed Special Dividend will be paid in SGD based on the exchange rate at the time each tranche of the Proposed Special Dividend is declared.

Limited (an affiliate of DCP Capital Partners L.P., "DCP") (the "Bondholders") have on 31 December 2020 entered into an amendment agreement (the "Amendment Agreement") to amend the relevant terms of the Convertible Bond Purchase Agreements (as defined in Paragraph 7 of this Announcement) (the "Proposed Amendments") with effect from the Effective Date (as defined in Paragraph 7 of this Announcement). Further details of the Proposed Amendments are set out in Paragraph 7 of this Announcement.

## 2. BACKGROUND INFORMATION

### 2.1 Information on the Group

The Group currently has two (2) business segments, mainly:

- (a) M&S Business: the manufacturing and services business segment, which involves the manufacturing and provision of high-end customised environmental protection products and solutions, such as highly efficient heat exchangers and pressure vessels, heat pipes and heat pipe exchangers, pipeline energy saving products and related environmental protection products, and solutions for flare and flare gas recovery systems, zero liquid discharge systems for high-salinity wastewater, petrochemical engineering and thermal power engineering (the "M&S Business"); and
- (b) GI Business: the green investment ("GI") business segment, which involves the supply of industrial steam to a range of diverse industries, such as chemical, printing & dyeing, paper making, F&B, building materials, pharmacy, paint, wood processing, chemical fertilisers, the supply of pollution-free civil heating to a large base of households and the sale of electricity to the State Grid (the "GI Business").

The Group's M&S Business and GI Business are distinct and independent business divisions with its own sets of customers and suppliers, manpower and facilities, and are each run by its own management teams. The M&S Business is a manufacturing and services-based, order book-driven business, whereas the GI Business is a stable asset-based business where the Group owns and operates industrial infrastructure projects which generate recurring income and cashflow through typically exclusive long-term concessions of approximately 30 years.

The Proposed Disposal will result in the Group disposing of its M&S Business and the M&S Business Assets in their entirety, through the sale of the Sale Shares. Following the Tranche 1 Completion Date (as defined in Paragraph 4.1.2 of this Announcement), the M&S Group Companies will cease to be subsidiaries of the Company and the Group will cease to undertake the M&S Business and cease to own any of the M&S Business Assets.

### 2.2 Information on Sunpower Technology and the M&S Group

The M&S Group is engaged in the M&S Business segment of the Group in the People's Republic of China (the "PRC"). Further details of the M&S Group Companies can be found in **Appendix 1** to this Announcement.

In contemplation of the Proposed Disposal, the Group recently conducted an internal restructuring exercise (the "**Internal Restructuring Exercise**"), pursuant to which, the entire M&S Business segment of the Group is currently held by Sunpower International. Further details of the Internal Restructuring Exercise can be found in **Appendix 2** to this Announcement.

Based on the latest unaudited consolidated financial statements of the Group for the nine-month period ended 30 September 2020 (the "**Unaudited Group 9M2020 Results**"), the book value

and the net tangible asset value of the M&S Group are approximately RMB1,260 million and RMB1,178 million respectively. The net profits after tax attributable to the M&S Group, based on the Unaudited Group 9M2020 Results, is approximately RMB170 million.

## 2.3 Information on the Purchaser

### 2.3.1 Principal Activities of the Purchaser

The Purchaser is a special purpose vehicle incorporated in the PRC on 8 September 2020 with a registered capital of RMB250,000,000 and was incorporated for the purposes of undertaking the proposed acquisition of the M&S Group.

### 2.3.2 Directors and Shareholders of the Purchaser as at the date of this Announcement

As at the date of this Announcement, the shareholders of the Purchaser are Mr. Guo Hong Xin, the Executive Chairman of the Company ("**Mr. Guo**") and Mr. Ma Ming, the Executive Director of the Company ("**Mr. Ma**"), who each hold 50% of the total equity interest in the Purchaser. The legal representative and the executive director of the Purchaser is Mr. Guo.

### 2.3.3 Shareholding of the Purchaser

Upon approval of the Proposed Disposal by Shareholders at the SGM, the Purchaser's shareholders will be as follows:

- (a) Guangdong China Science and Tech-innovation Capital Management Co, Ltd. (广东中科创新创业投资管理有限责任公司) ("**CSTC**"), CICC Alpha (Beijing) Investment Fund Management Co., Ltd. (中金甲子(北京)投资基金管理有限公司) and its related corporations, ("**CICC Alpha**") and other PRC funds and independent minority investors will hold an aggregate of approximately 64.05% of the total equity interest in the Purchaser (collectively, the "**Purchaser Investors**"); and
- (b) Mr. Guo, Mr. Ma and other employees of the M&S Group will hold approximately 35.95% of the total equity interest in the Purchaser, of which Mr. Guo and Mr. Ma will hold approximately 29.8% in aggregate and each of them will hold approximately 14.9%.

The Purchaser Investors have entered into a funding agreement for their respective shareholding interests in the Purchaser and will become registered shareholders of the Purchaser in accordance with their respective shareholding, upon approval of the Proposed Disposal by Shareholders at the SGM.

The lead investors in the Purchaser are CSTC and CICC Alpha. CSTC, established in 2009, is an asset management institution engaged in private equity investment and venture capital investment management businesses. At present, the size of private equity funds managed by CSTC has reached more than RMB15 billion. CICC Alpha is a subsidiary of China International Capital Corporation ("**CICC**") established in 2014 and is one of CICC's direct investment platforms. CICC Alpha's principal business activities includes asset management.

Save for the Proposed Disposal and Mr. Guo, Mr. Ma and certain employees who will be investing in the Purchaser, the Purchaser Investors do not have any relationship with the Company, the directors and the controlling shareholders of the Company.

## 2.4 Key Management of the M&S Group following Completion of the Proposed Disposal

In connection with the Proposed Disposal, it is also intended that, around the Tranche 1 Completion Date, Mr. Guo will be appointed as an executive director of Sunpower Technology while Mr. Ma will be appointed as a non-executive director of Sunpower Technology.

Mr. Guo has been involved in the management of the Group's M&S Business and has been integral to the M&S Business. Mr. Guo therefore will devote more time and attention towards leading and managing the M&S Business, by taking up an executive position in the Purchaser and Sunpower Technology around the Tranche 1 Completion Date. In order to ensure that sufficient time and attention is given by Mr. Guo to fulfil his responsibilities and duties as a director, it is also envisaged that, around the Tranche 1 Completion Date, Mr. Guo will step down from his current position as the Executive Chairman of the Company and be re-designated as a Non-Executive and Non-Independent Director of the Company instead.

In addition, it is also anticipated that certain management personnel of the Group, along with five (5) other general managers who have been primarily involved in the management and development of the Group's M&S Business, will be joining the Purchaser on or around the Tranche 1 Completion Date.

## **2.5 Key Management of the Group following Completion of the Proposed Disposal**

Following the Proposed Disposal, the remaining GI Business will continue to be spearheaded by Mr. Ma, an Executive Director of the Company. Mr. Ma currently oversees the formulation and execution of the Group's business and growth strategies particularly in the GI Business.

Mr. Ma has served as Executive Director of the Company since 2004. Since the strategic expansion of the Group into the GI Business in 2015, Mr. Ma has led the formulation of the strategic plan and business model and is responsible for the implementation of its long-term objectives. He takes charge of the entire business development cycle including market research and development, project investment and financing, project implementation, development and construction, as well as post-investment operational management. Mr. Ma has led the establishment of professional management systems and teams and has managed the GI Business segment to its current healthy stage of development where it is able to function autonomously within a complete system.

Mr. Guo will continue to provide support and assistance to the Group in his re-designated capacity as a Non-Executive and Non-Independent Director of the Company on or around the Tranche 1 Completion Date. In addition, Mr. Ma will continue to be supported by key management of the Group who have many years of experience and expertise in managing the GI Business. Further details of the key management of the entities within the Group that are engaged in the GI Business (the "**GI Group**") following the Tranche 1 Completion Date will be disclosed in the Circular (as defined in Paragraph 14 of this Announcement) to be despatched to Shareholders.

## **3. RATIONALE FOR THE PROPOSED DISPOSAL**

The Proposed Disposal is contemplated to be undertaken as the Board is of the view that the Proposed Disposal will benefit the Company and enhance the value of the Shareholders given the following:

### **3.1.1 Partially Unlock Value of the Company with the Proposed Disposal of the M&S Business**

The Board believes that the Proposed Disposal presents a good opportunity to unlock value for the Shareholders. Having regard to the terms of the Proposed Disposal, the Board is of the view that the Proposed Disposal represents an opportunity for the Group to divest its investment in the M&S Business for an attractive consideration and to realise the value from its investment in the M&S Business.

Subject to the Special Dividend Conditions (as defined in Paragraph 8 of this Announcement), the Company intends to distribute a portion of the net proceeds arising from the Proposed Disposal to the Shareholders (as well as the Bondholders in accordance with the existing terms of the Convertible Bond Purchase Agreements (the "**Existing Terms**"), by declaring the Proposed Special Dividend in recognition of the support of the Shareholders and to enable them to enjoy the benefits from the Proposed Disposal. Further details of the Proposed Special Dividend are set out in Paragraph 8 of this Announcement.

### 3.1.2 Enable Strategic Focus on the Group's GI Business

Following the Tranche 1 Completion Date, the principal business of the Company will be the GI Business which owns a sizeable and valuable portfolio of centralised steam, heat and electricity plants which supply essential steam and electricity to industrial parks in China. As at the date of this Announcement, the Group has a total of 11 GI Projects, of which nine (9) are currently operational or have commenced trial operations, while other GI Projects such as part of the new facility of the Xintai Zhengda Project, phase 2 of the Shantou Project, the Tongshan Project and the Shanxi Xinjiang Project are under construction.

The Group intends to continue to focus its resources to develop the Group's GI Business segment, as the Board believes that the GI Business has significant potential to deliver long-term benefit to the Group and build sustainable value for its Shareholders, having regard to its proven capacity to generate sizable income and cash flow, its highly sought-after assets with high barriers of entry against competition and its long-term potential to generate high-quality, recurring income and cash flow from a large, diverse and captive industrial customers.

### 3.1.3 Well-Positioned to Further Expand in a Large Addressable Market

The Board believes that there are many business opportunities available in the PRC anti-smog sector, due to (a) regulatory mandated closure of "high-emission" pollutive boilers and the ensuing structural shift to "ultra-low emission" environmentally-friendly centralised steam and electricity facilities; (b) strict zoning policies that mandate the location and/or relocation of new factories into industrial parks with such centralised infrastructure; and (c) the organic expansion of customers and industrial parks served by the GI Projects.

With its proven track record in successfully operating a sizeable portfolio of GI assets across the PRC and an experienced and dedicated management team in place to provide high-quality leadership, the Group believes it has significant advantages and that it is able to maintain its competitive edge. As such, it believes that it is in a favourable position to procure new GI Projects with exclusive, long-term concessions, and to embark on further phases of expansion for certain existing GI Projects.

The Group has multiple potential sources of funds to fund its growth strategy for the GI Business, including future expected cash flows from the existing GI Projects and external sources of funding, including but not limited to bank loans, medium-term notes programme, and/or future equity offerings and/or divestment of certain assets of the GI Business.

## 4. KEY TERMS OF THE PROPOSED DISPOSAL AND THE TRANSACTION IPTS

### 4.1 Consideration and Payment Terms

#### 4.1.1 Consideration

Pursuant to the terms of the SPA, the Consideration for the Proposed Disposal is RMB2,290,000,000, payable in two (2) tranches.

It is envisaged that the full Consideration amount will be escrowed on or prior to the Tranche 1 Completion Date, on which the full legal title to the Sale Shares will be transferred to the Purchaser. Further details of the escrow arrangements are set out under Paragraph 4.1.3 of this Announcement.

The Consideration was arrived at after arm's length negotiations between the Company and the Purchaser, on a willing-buyer willing-seller basis, after taking into account, amongst other things:

- (a) the unaudited pro forma NAV and NTA attributable to the M&S Group as at 30 September 2020; and
- (b) the fair market value of the M&S Group as at 30 September 2020 of RMB1.73 billion to RMB1.89 billion, based on the Independent Valuation Report.

#### 4.1.2 Payment Terms

The Consideration for the Proposed Disposal shall be payable by the Purchaser to Sunpower International in two (2) tranches, in accordance with the terms of the SPA as follows:

- (a) Tranche 1 Consideration – 70% of Consideration: 70% of the Consideration, being an amount equal to RMB1,603,000,000 (before deducting taxes) (the "**Tranche 1 Consideration**") shall be paid to Sunpower International on the Tranche 1 Completion Date, which shall be within 20 Business Days<sup>3</sup> of the conditions precedent to the Purchaser's obligation to pay the Tranche 1 Consideration (the "**Tranche 1 Conditions**") being satisfied or waived by the Purchaser, or such other date as may be mutually agreed between the Purchaser and Sunpower International (the "**Parties**") (the "**Tranche 1 Completion Date**").

Tranche 1 Conditions relate to, *inter alia*, the completion of the registration in respect of the change in shareholders of Sunpower Technology (being the holding entity of the M&S Business and the M&S Business Assets), from Sunpower International, to the Purchaser, wherein the title to the Sale Shares would then be registered under the Purchaser. Please refer to Paragraph 1 of **Appendix 3** to this Announcement for further details of the Tranche 1 Conditions.

- (b) Tranche 2 Consideration – 30% of the Consideration: 30% of the Consideration, being an amount equal to RMB687,000,000 (the "**Tranche 2 Consideration**") shall be paid to Sunpower International on the Tranche 2 Completion Date, which shall be within 20 Business Days of the conditions precedent to the Purchaser's obligation to pay the Tranche 2 Consideration (the "**Tranche 2 Conditions**") being satisfied or waived by

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<sup>3</sup> "Business Day" means any day other than a Saturday, Sunday or any other day on which commercial banks in the PRC or Singapore are required or permitted to close for business in accordance with applicable laws or administrative orders.

the Purchaser, or such other date as may be mutually agreed between the Parties (the "**Tranche 2 Completion Date**").

Tranche 2 Conditions relate to the discharge of all of the M&S Corporate Guarantees (as defined in Paragraph 4.2.2 of this Announcement) or repayment of all outstanding amounts (including accrued interest) under the Relevant Loan Facilities (as defined in Paragraph 4.2.2 of this Announcement). Please refer to Paragraph 4.2.2 of this Announcement for further details on the M&S Corporate Guarantees and the Relevant Loan Facilities and to Paragraph 2 of **Appendix 3** to this Announcement for further details of the Tranche 2 Conditions.

#### 4.1.3 Escrow Arrangements

It is intended that the full Consideration amount will be escrowed on or prior to the Tranche 1 Completion Date by the Purchaser (or its designated nominee(s)) into escrow accounts under the joint supervision and operation of the Parties (or their designated nominee(s)), with an amount equal to 10% of the Consideration, being RMB229,000,000 (the "**Advance Payment**") to be escrowed within 22 Business Days from the date of the SPA (the "**Advance Payment Date**").

## 4.2 **The Transaction IPTs**

In connection with the Proposed Disposal, it is envisaged that the Company will enter into the following transactions which will constitute deemed interested person transactions under Chapter 9 of the Listing Manual (collectively, the "**Transaction IPTs**"):

#### 4.2.1 M&S Trademark Assignments

Certain trademarks which are necessary for the M&S Group's conduct of the M&S Business (the "**M&S Trademarks**") are currently held by Jiangsu Sunpower Energy-Saving and Environmental Protection Technology Research Institute Co., Ltd., a Group entity which will not be disposed of pursuant to the Proposed Disposal. As part of the Proposed Disposal, the M&S Trademarks are to be transferred by the GI Group to the M&S Group. However, as the completion of the transfer of the M&S Trademarks from the GI Group to the M&S Group may not take place on or prior to the Tranche 1 Completion Date, it is anticipated that the GI Group will assign such M&S Trademarks that have not been transferred as at the Tranche 1 Completion Date, to the M&S Group for no consideration (the "**Trademark Assignments**") as the consideration for the M&S Trademarks has already been taken into account in the Consideration for the Proposed Disposal.

#### 4.2.2 M&S Corporate Guarantees

Certain M&S Group Companies have provided corporate guarantees in respect of loan facilities (the "**Relevant Loan Facilities**" and each, a "**Relevant Loan Facility**") to certain banks (the "**Relevant Banks**") in favour of certain entities within the GI Group (the "**M&S Corporate Guarantees**"), for an aggregate amount of approximately RMB1.72 billion as at the date of this Announcement. Further details of the Relevant Loan Facilities and the M&S Corporate Guarantees will be contained in the Circular to be despatched to Shareholders.

It is a Tranche 2 Condition that all of such M&S Corporate Guarantees be discharged and as such, notwithstanding that under the terms of the SPA, Sunpower Technology has undertaken that after the Tranche 1 Completion Date, it and its subsidiaries shall continue to provide the existing M&S Corporate Guarantees in favour of the Group until the completion of procedures



to discharge the M&S Corporate Guarantees with the Relevant Banks. The Group will seek to discharge the M&S Corporate Guarantees either by way of engaging with the Relevant Banks to discharge or replace such M&S Corporate Guarantees, consulting with other banks for replacement of the Relevant Loan Facilities or to consider the practicality of repaying the Relevant Loan Facilities in order to satisfy such Tranche 2 Condition.

The guarantors under the M&S Corporate Guarantees have no right to unilaterally terminate the respective M&S Corporate Guarantee without the consent of the Relevant Banks. Accordingly, Sunpower Technology and/or its subsidiaries (as the case may be) will continue to be bound by its contractual obligations to provide the respective M&S Corporate Guarantees in accordance with the terms thereof, until such time as the Relevant Banks agree to discharge the respective M&S Corporate Guarantee and release Sunpower Technology and/or its subsidiaries (as the case may be) from its obligations, or until the respective Relevant Loan Facility is fully discharged, whichever is earlier.

#### **4.3 Payment of Consideration and Completion**

##### **4.3.1 Tranche 1 Completion Date**

On the Tranche 1 Completion Date, the Purchaser shall pay the Tranche 1 Consideration, and Sunpower International shall, *inter alia*, provide to the Purchaser a register of shareholders and a certificate of capital contribution issued by Sunpower Technology reflecting that the Purchaser holds 100% of the Sale Shares.

##### **4.3.2 Tranche 2 Completion Date**

On the Tranche 2 Completion Date, the Purchaser shall pay the Tranche 2 Consideration.

#### **4.4 Termination**

The SPA may be terminated prior to the Tranche 1 Completion Date in the circumstances set out in **Appendix 3** to this Announcement.

#### **4.5 Non-Competition**

For a period of three (3) years from the Tranche 1 Completion Date, Sunpower International shall not, without the written consent of the Purchaser, directly or indirectly engage in any business in the PRC competing with the M&S Business (the "**Competing Business**"), provided, however, that Sunpower International's ownership of any securities, equity or interests having not more than 20% of the voting rights in any entity whose business (or any part thereof) constitutes a Competing Business shall not be deemed a violation of this undertaking.

### **5. THE PROPOSED DISPOSAL AS A MAJOR TRANSACTION**

#### **5.1 Relative Figures under Chapter 10 of the Listing Manual**

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual, based on the Unaudited Group 9M2020 Results are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative Figures (%)</b>
(a)	The net asset value of assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	58.0 <sup>(1)</sup>
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	57.7 <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	50.0 <sup>(3)</sup>
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable <sup>(4)</sup>
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil or gas company, but not to an acquisition of such assets.	Not applicable <sup>(5)</sup>

**Notes:**

- (1) "Net asset" means total assets less total liabilities. Based on the net asset value of the M&S Group of S\$269,849,357 and the unaudited net asset value of the Group of S\$465,201,672 as at 30 September 2020.
- (2) "Net profits" means profit or loss before income tax, minority interests and extraordinary items. Based on the net profits attributable to the M&S Group of S\$42,663,539 and the unaudited net profits of the Group of S\$73,942,292 as at 30 September 2020.
- (3) Based on the Consideration of approximately S\$464,719,849 (based on an exchange rate as at 30 December 2020 of SGD1.00:RMB4.9277) and the market capitalisation of the Company of approximately S\$929,625,166 as at the last market day preceding the date of the SPA (the "**Last Trading Day**"). The Company's market capitalisation is determined by multiplying 1,152,523,142 Fully Diluted Total Shares (excluding treasury Shares) by the weighted average price of S\$0.8066 per Share on the Last Trading Day.
- (4) Not applicable as the Proposed Disposal is not an acquisition.
- (5) Not applicable as the Company is not a mineral, oil and gas company.

As the relative figures for the Proposed Disposal as computed on the bases set out in Rules 1006(a) to (c) of the Listing Manual exceed 20%, the Proposed Disposal constitutes a "major transaction" pursuant to Rule 1014 of the Listing Manual and is subject to the approval of Shareholders at the SGM.

## **5.2 Financial Effects of the Proposed Disposal**

### **5.2.1 Assumptions**

The pro forma financial effects of the Proposed Disposal on the Group presented below are strictly for illustrative purposes only and do not reflect the actual financial effects or future financial performance and condition of the Company and/or the Group following completion of the Proposed Disposal. The pro forma financial effects are calculated based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2019 (the "**Audited Group FY2019 Results**") and the Unaudited Group 9M2020 Results. The financial effects set out below are prepared based on the following assumptions as at 31 December 2019 and 30 September 2020:

- (a) assuming the Issued Bonds are not converted, and that the total number of Shares (excluding treasury Shares) is 789,306,142 Shares (the "**Non-Conversion Scenario**");

- (b) assuming the Issued Bonds are converted and the total number of Shares is such number represented by the Fully Diluted Total Shares, namely 1,152,523,142 Shares (the "**Full Dilution Scenario**");
- (c) after taking into account the expenses incurred by the Company in connection with the Proposed Disposal, including but not limited to taxes and the fees payable to the Company's professional advisers (the "**Transaction Expenses**"); and
- (d) based on an exchange rate of S\$1.00 to RMB4.904 both as at 31 December 2019 and 30 September 2020,

where "**Issued Bonds**" refers to such portion of the total convertible bonds issued by the Company to various bondholders ("**Convertible Bonds**") that have actually been issued as at the date of the Amendment Agreement (being, as at the date of this Announcement, US\$130 million in principal amount). Further details of the Proposed Amendments are set out Paragraph 7 of this Announcement.

### 5.2.2 Net Tangible Assets

On the bases and assumptions set out above, the pro forma effect of the Proposed Disposal on the consolidated NTA per Share:

- (a) as at 31 December 2019, assuming the Proposed Disposal was completed on 31 December 2019; and
- (b) as at 30 September 2020, assuming the Proposed Disposal was completed on 30 September 2020,

are as follows:

	As at 31 December 2019		As at 30 September 2020	
	Before the Proposed Disposal	After the Proposed Disposal	Before the Proposed Disposal	After the Proposed Disposal
NTA <sup>(1)</sup> (S\$'000)	128,463	334,916	184,960	356,774
NTA per Share (assuming the Non-Conversion Scenario) (cents)	16.28	42.43	23.43	45.20
NTA per Share (assuming the Full Dilution Scenario) (cents)	11.15	29.06	16.05	30.96

**Note:**

- (1) NTA represents the net tangible assets attributable to Shareholders. It excludes intangible assets and goodwill but includes land use rights and concession service arrangements which are capitalised.

### 5.2.3 Earnings per Share ("**EPS**")

On the bases and assumptions set out above, the pro forma effect of the Proposed Disposal on the consolidated EPS of the Company:

- (a) as at 31 December 2019, assuming the Proposed Disposal was completed on 1 January 2019; and
- (b) as at 30 September 2020, assuming the Proposed Disposal was completed on 1 January 2020,

are as follows:

	As at 31 December 2019		As at 30 September 2020	
	Before the Proposed Disposal	After the Proposed Disposal	Before the Proposed Disposal	After the Proposed Disposal
<b>Assuming the Non-Conversion Scenario:</b>				
Profit after tax attributable to Shareholders <sup>(1)</sup> (S\$'000)	28,149	217,724	56,269	211,234
Weighted average number of Shares ('000)	779,268	779,268	789,306	789,306
EPS (cents)	3.61	27.94	7.13	26.76
<b>Assuming the Full Dilution Scenario:</b>				
Profit after tax attributable to Shareholders <sup>(2)</sup> (S\$'000)	71,882	261,457	56,226	211,191
Weighted average number of Shares ('000)	1,141,361	1,141,361	1,151,330	1,151,330
EPS (cents)	6.30	22.91	4.88	18.34

**Notes:**

- (1) This includes the financial effects of Convertible Bonds. The financial effects consist of unrealised foreign exchange translation, amortised interest (loss) of Convertible Bonds and warrants.
- (2) This excludes the financial effects of Convertible Bonds. The financial effects consist of unrealised foreign exchange translation, amortised interest (loss) of Convertible Bonds and warrants.

**5.2.4 Gain on the Proposed Disposal**

The gain on the Proposed Disposal, based on the net profits attributable to the M&S Group as at 31 December 2019 and 30 September 2020, are as follows:

	As at 31 December 2019	As at 30 September 2020
Net Profits attributable to the M&S Group (S\$'000)	38,173	34,720
Gain on Disposal (S\$'000)	189,575	154,965

## 5.2.5 Excess of Gross Proceeds

The excess of the gross Consideration over the NTA attributable to the M&S Group as at 31 December 2019 and 30 September 2020, are as follows:

	As at 31 December 2019	As at 30 September 2020
Consideration (S\$'000)	466,966	466,966
NTA attributable to the M&S Group (S\$'000)	205,660	240,298
Excess of Gross Proceeds over NTA	127%	94%

## 6. THE PROPOSED DISPOSAL AND THE TRANSACTION IPTS AS INTERESTED PERSON TRANSACTIONS

### 6.1 Interested Person Transaction

Mr. Guo is the Executive Chairman of the Company as well as a controlling shareholder of the Company holding approximately 19.46% interest (direct and indirect) in the Company as at the date of this Announcement. Mr. Ma is an Executive Director of the Company as well as a controlling shareholder of the Company holding approximately 17.43% interest (direct and indirect) in the Company as at the date of this Announcement. In view of the foregoing, Mr. Guo and Mr. Ma are both interested persons and any transaction by the Company or any of its subsidiaries with Mr. Guo, Mr. Ma or any of their respective associates will be regarded as an interested person transaction under Chapter 9 of the Listing Manual.

The Purchaser is a company in which Mr. Guo and Mr. Ma, being Executive Directors of the Company, intend to have an interest in approximately 14.9% each and 29.8% in aggregate of the total equity interest of the Purchaser on or around the Tranche 1 Completion Date. In view of the participation of both Mr. Guo and Mr. Ma (both being interested persons) in the Purchaser, the Board, recognising the need to comply with the spirit of the Listing Manual and to demonstrate the exercise of proper corporate governance and to provide transparency to Shareholders, have deemed the Purchaser to be an interested person as defined under Chapter 9 of the Listing Manual.

In addition, following the Tranche 1 Completion Date, given that each of the M&S Group Companies will be wholly owned, either directly or indirectly, by the Purchaser, the Board has also deemed each of the entities within the divested M&S Group to be interested persons as defined under Chapter 9 of the Listing Manual, following the Tranche 1 Completion Date. Accordingly, the Proposed Disposal and the Transaction IPTs constitute deemed interested person transactions for the purpose of Chapter 9 of the Listing Manual.

### 6.2 Requirement for Shareholder Approval

Based on the Audited Group FY2019 Results, the consolidated NTA<sup>4</sup> of the Group was negative RMB1,243,891,000 (approximately S\$253,648,000). In this regard, the Company had applied

<sup>4</sup> NTA here means net assets excluding intangible assets, goodwill and land use rights (both short-term and long-term).

and the SGX-ST had on 27 December 2019 approved for the Company to use the Company's market capitalisation as at 31 December 2019 as the basis for computing the materiality thresholds under Rules 905 and 906 of the Listing Manual instead of the Group's latest audited consolidated NTA, until such time as its audited NTA turns positive.

The value at risk of the Proposed Disposal is RMB2,290,000,000, being the Consideration for the Proposed Disposal, which represents approximately 65.8% of the Company's market capitalisation of S\$706,496,686<sup>5</sup> as at 31 December 2019.

As no consideration was paid by the Group to procure the M&S Corporate Guarantees provided by Sunpower Technology (whether in the form of a guarantee fee, interest, or otherwise), there is no value at risk to the Company arising from the M&S Corporate Guarantees provided. Although no consideration was paid by the M&S Group for the Trademark Assignments by the Group to the M&S Group, the consideration for the M&S Trademarks has already been taken into account in the Consideration for the Proposed Disposal and accordingly, there is no value at risk to the Company arising from the Trademark Assignments.

As the aggregate value of the Proposed Disposal and the Transaction IPTs exceeds 5% of the Company's market capitalisation as at the 31 December 2019, the Proposed Disposal and the Transaction IPTs are subject to approval of the Shareholders at the SGM pursuant to Rule 906 of the Listing Manual.

### 6.3 Total Value of all Interested Person Transactions

Save for the Proposed Disposal and the Transaction IPTs, the Group has not entered into any other interested person transactions with the Purchaser, Mr. Guo, Mr. Ma, or any of their respective associates for the current financial year commencing on 1 January 2020 up to the date of this Announcement (excluding transactions which are less than S\$100,000).

The Group has not entered into any interested person transactions during the current financial year commencing on 1 January 2020 up to the date of this Announcement (excluding transactions which are less than S\$100,000).

## 7. PROPOSED AMENDMENTS TO THE CONVERTIBLE BOND PURCHASE AGREEMENTS

The Company has entered into the following convertible bond agreements with DCP and CDH (through their respective affiliates):

- (a) The Company had on 14 December 2016 entered into a convertible bond purchase agreement (as may be amended and supplemented from time to time, the "**Tranche 1 Convertible Bond Purchase Agreement**") with Glory Sky Vision Limited (an affiliate of CDH), pursuant to which the Company agreed to issue, and Glory Sky Vision Limited agreed to purchase, the convertible bonds due 2022 of an aggregate principal amount of US\$110 million (the "**Tranche 1 Convertible Bonds**"). On 3 March 2017, the Group completed the issuance of the Tranche 1 Convertible Bonds of an aggregate principal amount of US\$110 million to CDH with an initial conversion price of S\$0.50. Subsequent to the issuance of the Tranche 1 Convertible Bonds, CDH Fund V, L.P., an affiliate of CDH, had on 10 January 2018 transferred US\$60 million in principal amount of the Tranche 1 Convertible Bonds to DCP.

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<sup>5</sup> Based on 1,152,523,142 Fully Diluted Total Shares (excluding the treasury Shares) and the weighted average price of S\$0.6130 per Share as at 31 December 2019.

- (b) On 22 May 2018, the Company entered into a second convertible bond purchase agreement (as amended and supplemented by supplemental agreements dated 16 August 2018 and 28 January 2019 and as may be further supplemented from time to time, the "**Tranche 2 Convertible Bond Purchase Agreement**") with the Bondholders, pursuant to which the Company agreed to issue, and the Bondholders agreed to purchase, the convertible bonds due 2022 up to an aggregate principal amount of US\$70 million, out of which an aggregate of US\$20 million in principal amount has been issued to the Bondholders on 15 October 2020 (the "**Tranche 2 Convertible Bonds**"). Save as disclosed herein, the Company has not issued any other Tranche 2 Convertible Bonds as at the date of this Announcement,

(collectively, the "**Convertible Bond Purchase Agreements**").

Pursuant to the terms of the Convertible Bond Purchase Agreements, the Company may not, *inter alia*, (a) undertake any disposal of any material assets or businesses except as contemplated in the current business plan of the Company; (b) take any voluntary corporate action with respect to which the SGX-ST listing rules would require the Company to obtain shareholder approval; or (c) change the size or composition of its board of directors or the compensation of Mr. Guo and Mr. Ma, or appoint or remove or settle the terms of their appointment, in each case, without having obtained the prior written consent of the holders of at least a majority in principal amount of the outstanding convertible bonds at any time.

As the Proposed Disposal would constitute a disposal of a material business of the Company and is further subject to shareholders' approval under Chapter 9 and Chapter 10 of the Listing Manual, and the roles of Mr. Guo and Mr. Ma on the Company's Board and the compensation are expected to change in connection with the Proposed Disposal as set out under Paragraph 2.5 of this Announcement, the Company has sought to obtain the consent of the Bondholders for the Proposed Disposal. Further to discussions with the Bondholders, the Company entered into the Amendment Agreement to effect the Proposed Amendments, which generally seek to adjust the terms of the Convertible Bond Purchase Agreements in light of the impact of the Proposed Disposal on the corporate structure, management constitution, business profile and financials of the Group.

Please refer to **Appendix 4** to this Announcement for the salient terms of the Proposed Amendments. Further details of the Proposed Amendments to the Convertible Bond Purchase Agreements will be included in the Circular to be despatched to the Shareholders in due course. It is envisaged that the Amendment Agreement and the Proposed Amendments will take effect on the later date of (a) Shareholders' approval of the Proposed Disposal and the Proposed Special Dividend, which shall consist of (i) a Tranche 1 Special Dividend (as defined below) of an aggregate amount of not less than RMB783 million and (ii) a Tranche 2 Special Dividend (as defined below) of an aggregate amount of not less than RMB 557 million; and (b) the receipt by the Bondholders of the applicable portions of the Tranche 1 Special Dividend in accordance with the terms of the Convertible Bond Purchase Agreements (the "**Effective Date**").

## **8. USE OF PROCEEDS**

The net proceeds from the Proposed Disposal, after deducting the Transaction Expenses, is estimated to be approximately RMB2,021,000,000 ("**Net Proceeds**").

The Net Proceeds may be used for, in order of priority:

- (a) first, declaring the Proposed Special Dividend of approximately RMB1.1627<sup>6</sup> per Share, on a fully-diluted basis (computed on the basis of the Issued Bonds as opposed to the aggregate amount of the Convertible Bonds, if the Proposed Amendments have been effected at the relevant time) amounting to an aggregate amount of approximately RMB1,340,000,000, which will be paid to the Shareholders (as well as the Bondholders in accordance with the Existing Terms) in two (2) tranches, comprising: (i) approximately RMB0.6794 per Share (the "**Tranche 1 Special Dividend**"); and (ii) approximately RMB0.4833 per Share (the "**Tranche 2 Special Dividend**"), and which is further subject to the following conditions (the "**Special Dividend Conditions**"):
- (i) the approval by the Shareholders of the ordinary resolutions to be passed at the SGM in relation to, amongst others, the Proposed Disposal and the Transaction IPTs, the Proposed Special Dividend and the Proposed Amendments;
  - (ii) in respect of the Tranche 1 Special Dividend, the receipt of the Tranche 1 Consideration by the Company; and
  - (iii) in respect of the Tranche 2 Special Dividend, the receipt of the Tranche 2 Consideration by the Company;
- (b) second, capital for undertaking the existing GI Projects and general working capital purposes of an amount of approximately RMB551,000,000; and
- (c) third, to repay existing payables due from the GI Group to the M&S Group of approximately RMB130,000,000, arising from engineering, procurement and construction services contracts entered into between the GI Group and the M&S Group during the period from May 2015 to June 2020 (the "**M&S Payables**").

The Board will announce the specific uses for the proceeds arising from the Proposed Disposal in greater detail at the appropriate juncture.

## **9. SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal.

## **10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

For the reasons set out in Paragraph 6.1 of this Announcement, each of Mr. Guo, the Executive Chairman of the Company and Mr. Ma, the Executive Director of the Company, have an interest in the Proposed Disposal and the Transaction IPTs. As the Bondholders' consents are required for the Proposed Disposal and that the Bondholders' consents to the Proposed Disposal is conditional upon the Proposed Amendments being approved and made, Mr. Guo and Mr. Ma would also be deemed to have an interest in the Proposed Amendments.

In addition, Mr. Li Lei and Mr. Liu Haifeng David, being Non-Executive and Non-Independent Directors appointed by the Bondholders pursuant to the terms of the Tranche 1 Convertible Bond Purchase Agreement, are deemed to have an interest in the Proposed Amendments. The Bondholders' consents are required for the Proposed Disposal, and such consents are premised on the SPA governing the Proposed Disposal remaining valid and in existence,

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<sup>6</sup> Based on 1,152,523,142 Fully Diluted Total Shares. The actual amount of the Proposed Special Dividend will be paid in SGD based on the exchange rate at the time each tranche of the Proposed Special Dividend is declared.



which is in turn conditional upon each of the ordinary resolutions relating to, amongst others, the Proposed Disposal and the Transaction IPTs and the Proposed Amendments being passed at the SGM.

Each of Mr. Guo, Mr. Ma, Mr. Li Lei and Mr. Liu Haifeng David have recused (and will continue to recuse) themselves from the Board's decision-making in relation to the Proposed Disposal, the Transaction IPTs and the Proposed Amendments and will abstain from participating in any recommendation to be made by the Board with respect to the Proposed Disposal, the Transaction IPTs and the Proposed Amendments.

Save as disclosed above, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company, if any), in the Proposed Disposal, the Transaction IPTs and/or the Proposed Amendments.

#### **11. ABSTENTION FROM VOTING**

Pursuant to Rule 919 of the Listing Manual, each of Mr. Guo and Mr. Ma will abstain, and will ensure that each of their respective associates will abstain, from voting on the resolution in relation to the Proposed Disposal and the Transaction IPTs. In addition, each of Mr. Guo and Mr. Ma will voluntarily abstain, and will ensure that each of their respective associates will voluntarily abstain, from voting on the resolution in relation to the Proposed Amendments.

#### **12. INDEPENDENT FINANCIAL ADVISER TO THE RECOMMENDING DIRECTORS**

Pursuant to Rules 920(1)(b)(v) and 921(4)(a) of the Listing Manual, W Capital Markets Pte. Ltd. has been appointed as the independent financial adviser ("**IFA**") to advise the directors of the Company who are considered independent of the Proposed Disposal ("**Recommending Directors**") on, *inter alia*, whether the terms of the Proposed Disposal and the Transaction IPTs (a) are on normal commercial terms; and (b) are prejudicial to the interests of the Company and its minority Shareholders.

A copy of the letter from the IFA to the Recommending Directors will be appended in the Circular to be despatched to the Shareholders in due course.

#### **13. AUDIT COMMITTEE'S STATEMENT**

The Company's Audit Committee, Mr. Chin Sek Peng, Mr. Lau Ping Sum Pearce and Mr. Yang Zheng, will obtain an opinion from the IFA before forming its view on whether the Proposed Disposal and the Transaction IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. Such views of the Audit Committee will be set out in the Circular to be despatched to the Shareholders in due course.

#### **14. CIRCULAR**

A circular ("**Circular**") to the Shareholders containing further details of, *inter alia*, (a) the Proposed Disposal and the Transaction IPTs and (b) the Proposed Amendments, together with a notice of the SGM to be convened in connection with the same will be despatched to the Shareholders in due course.

#### **15. DOCUMENTS FOR INSPECTION**

Copies of the SPA, the Amendment Agreement, the Convertible Bond Purchase Agreements and the Independent Valuation Report will be available for inspection<sup>7</sup> during normal business hours at the registered office of the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, for a period of three (3) months commencing from the date of this Announcement.

#### **16. DIRECTORS' RESPONSIBILITY STATEMENT**

The directors of the Company ("**Directors**") collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Transaction IPTs and the Proposed Amendments and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this Announcement 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 Announcement in its proper form and context.

#### **17. CAUTIONARY STATEMENT**

Shareholders are advised to exercise caution in trading their Shares in the Company as there is no certainty or assurance that the Proposed Disposal, the Transaction IPTs and/or the Proposed Amendments will be consummated. The Company will make the necessary announcements as and when there are further developments. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

#### **BY ORDER OF THE BOARD**

**Yang Zheng**

Lead Independent Director

31 December 2020

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<sup>7</sup> Prior appointment is required in light of the COVID-19 situation.

## APPENDIX 1

### M&S GROUP COMPANIES

Name of M&S Group Company (Country of Incorporation)	Particulars of registered / paid- up capital	Percentage of equity interest attributable to Sunpower International
Sunpower Technology (Jiangsu) Co., Ltd. (中圣科技 (江苏) 有限公司) (Incorporated in the PRC)	RMB 1,046,950,000	100%
Jiangsu Sunpower Pressure Vessels Equipment Manufacturing Co., Ltd. (江苏中圣压力容器装备制造有限公司) (Incorporated in the PRC)	RMB 100,000,000	100%
Jiangsu Sunpower Pipeline Engineering Technology Co., Ltd. (江苏中圣管道工程技术有限公司) (Incorporated in the PRC)	RMB 100,000,000	100%
Jiangsu Fuyou Industry Co., Ltd. (江苏福友实业投资有限公司) (Incorporated in the PRC)	RMB 10,000,000	100%
Jiangsu Sunpower Technology Co., Ltd. (江苏中圣高科技产业有限公司) (Incorporated in the PRC)	RMB 100,000,000	100%
Shandong Yangguang Engineering Design Institute Co., Ltd. (山东省阳光工程设计院有限公司) (Incorporated in the PRC)	RMB 7,000,000	90% <sup>(1)</sup>
Jiangsu Sunpower Combustion Technology Co., Ltd. (江苏中圣燃烧技术有限公司) (Incorporated in the PRC)	RMB 10,000,000	65% <sup>(1)</sup>
Nanjing Shengnuo Heat Pipe Co., Ltd (南京圣诺热管有限公司) (Incorporated in the PRC)	RMB30,000,000	70% <sup>(1)</sup>

**Note:**

(1) The remaining shares are held by independent third parties.

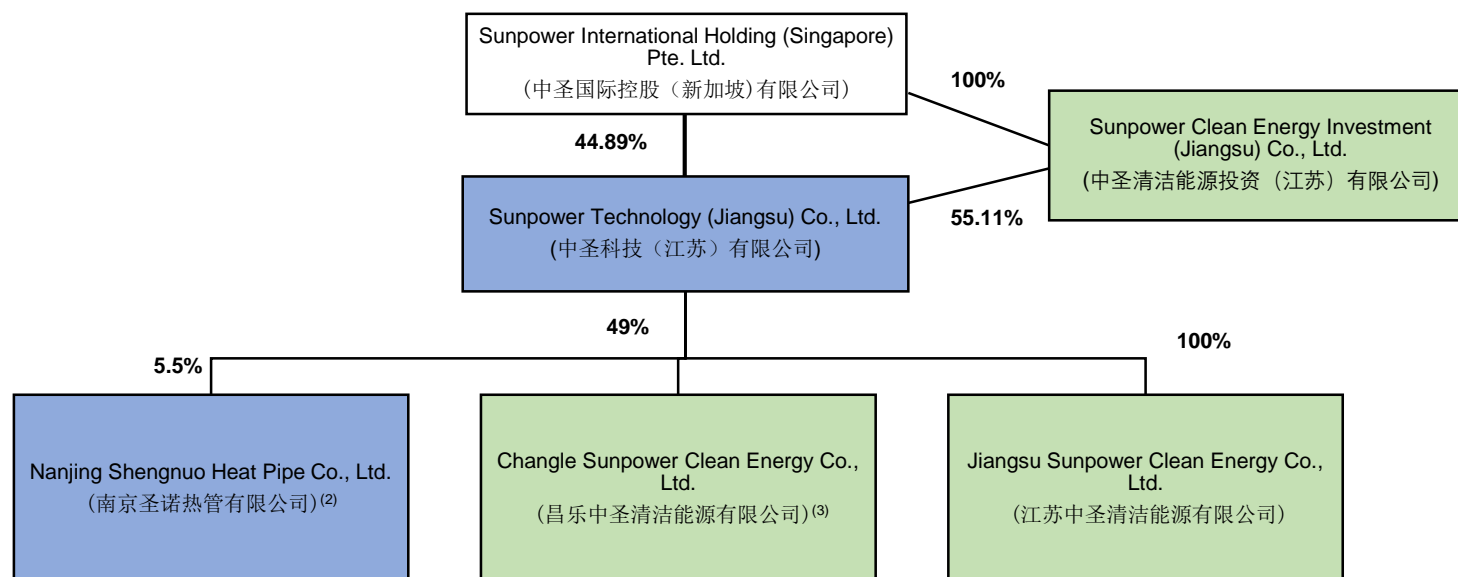
## APPENDIX 2

### INTERNAL RESTRUCTURING EXERCISE

Pursuant to the Internal Restructuring Exercise, the following changes in the shareholding structure in respect of the following subsidiaries in the Group (the "**Restructured Entities**") have been made:

Name of Subsidiary	Shareholding Structure prior to Internal Restructuring Exercise	Shareholding Restructure after the Internal Restructuring Exercise
<b>Restructured Entities Engaged in M&amp;S Business</b>		
Sunpower Technology	44.89% owned by Sunpower International and 55.11% owned by Sunpower Clean Energy Investment (Jiangsu) Co., Ltd. (" <b>Sunpower Clean Energy</b> "), a wholly-owned subsidiary of the Company engaged in the GI Business segment of the Company	100% owned by Sunpower International
Nanjing Shengnuo Heat Pipe Co., Ltd.	64.5% owned by Sun Superior Holding Pte. Ltd., a wholly-owned subsidiary of the Company, 5.5% owned by Sunpower Technology	70% owned by Sunpower Technology
<b>Restructured Entities Engaged in GI Business</b>		
Jiangsu Sunpower Clean Energy Co., Ltd.	100% owned by Sunpower Technology	100% owned by Sunpower Clean Energy
Changle Sunpower Clean Energy Co., Ltd.	49% owned by Sunpower Technology and 51% owned by Sunpower Clean Energy	100% owned by Sunpower Clean Energy

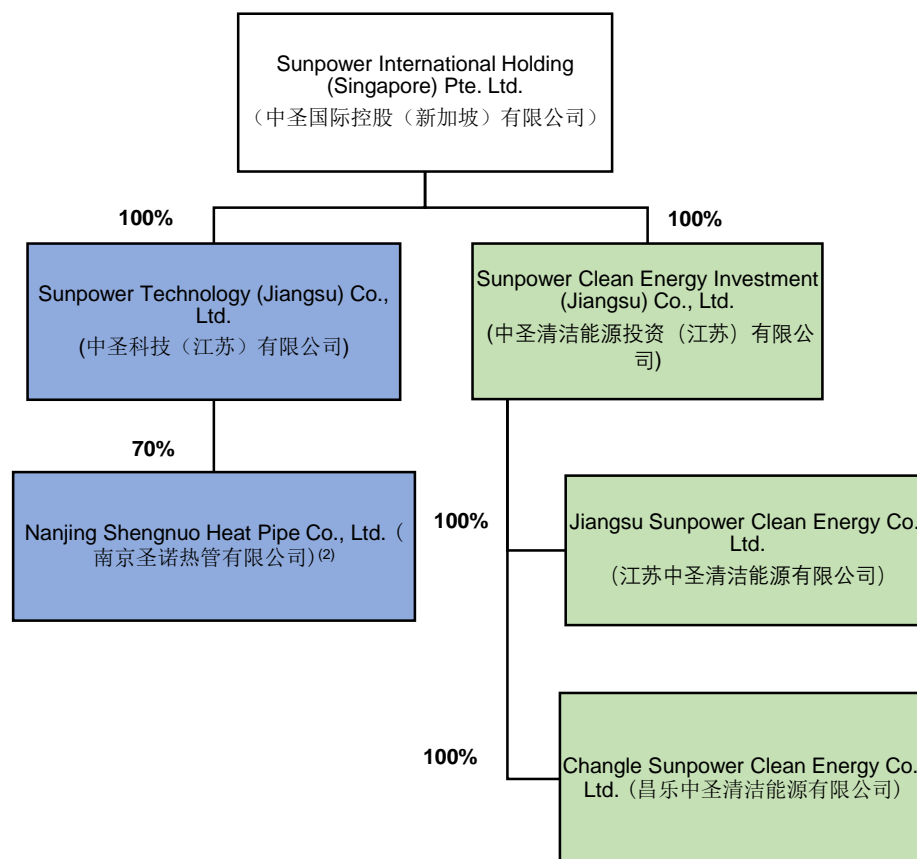
**Immediate shareholding structure of the Restructured Entities under Sunpower International before the Internal Restructuring Exercise<sup>(1)</sup>**



**Notes:**

- (1) Entities marked out in blue are engaged in the M&S Business segment and entities marked out in green are engaged in the GI Business segment.
- (2) 64.5% of the remaining shares in Nanjing Shengnuo Heat Pipe Co., Ltd. (南京圣诺热管有限公司) are held by Sun Superior Holding Pte. Ltd., which is a 100% wholly-owned subsidiary of the Group. The other remaining 30% of the shares is held by an entity external to the Group.
- (3) The remaining 51% of the shares in Changle Sunpower Clean Energy Co., Ltd. (昌乐中圣清洁能源有限公司) are held by Sunpower Clean Energy Investment (Jiangsu) Co., Ltd. (中圣清洁能源投资 (江苏)有限公司), which is a 100% wholly-owned subsidiary of Sunpower International.

**Immediate shareholding structure of the Restructured Entities under Sunpower International after the Internal Restructuring Exercise<sup>(1)</sup>**



**Notes:**

- (1) Entities marked out in blue are engaged in the M&S Business and entities marked out in green are engaged in the GI Business.
- (2) The remaining 30% of the shares in Nanjing Shengnuo Heat Pipe Co., Ltd. (南京圣诺热管有限公司) are held by an entity external to the Group.

**APPENDIX 3**  
**KEY TERMS OF THE SPA**

All capitalised terms used and not defined in this Announcement shall have the same meanings given to them in the SPA, a copy of which is available for inspection during normal business hours at the registered office of the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, for a period of three (3) months commencing from the date of this Announcement

No.	Clause	Description
1.	Tranche 1 Conditions	<p>The Purchaser's obligation to pay the Tranche 1 Consideration is conditional upon the satisfaction or waiver in writing by the Purchaser (as the case may be) of, <i>inter alia</i>, the following conditions:</p> <p>(a) <u>Warranties</u>: the representations and warranties of Sunpower International as set forth in the SPA being true and correct in all material respects as at the Tranche 1 Completion Date (unless such representations and warranties are expressly made on an earlier date, in which case such representations and warranties shall be true and correct as at such earlier date) and shall be effective as if such representations and warranties were made on the Tranche 1 Completion Date (except that representations and warranties which are themselves qualified as to materiality or material adverse effect shall be true and correct in all respects), subject to the matters disclosed in the disclosure letter provided by Sunpower International to the Purchaser in connection with the SPA;</p> <p>(b) <u>Performance</u>: Sunpower International having performed in all material respects all of its obligations required to be performed by it under the SPA on or before the Tranche 1 Completion Date;</p> <p>(c) <u>Orders and Laws</u>: there being no governmental order or law in effect as at the Tranche 1 Completion Date that restricts, strictly prohibits or otherwise prohibits the consummation of the Proposed Disposal or makes the consummation of the Proposed Disposal unlawful;</p> <p>(d) <u>Regulatory Approvals</u>: approval from the SGX-ST in respect of the Proposed Disposal;</p> <p>(e) <u>Change of Business Registration</u>: Sunpower International having caused Sunpower Technology to complete the registration in respect of the change of shareholders of Sunpower Technology (by registering the Purchaser as the 100% shareholder of Sunpower Technology) and the amendment of the articles of association of Sunpower Technology in relation to the Proposed Disposal with the Market Supervision and Regulation Department of the PRC;</p> <p>(f) <u>Transaction Documents</u>: Sunpower International having completed the signing of each of the transaction documents in relation to the Proposed Disposal, including the SPA and the other documents in the form annexed to the SPA (including the Non-Competition</p>

		<p>Agreements (as defined in Paragraph (k) below) and the escrow agreement);</p> <p>(g) <u>Approval by shareholders of Sunpower Technology:</u> approval of the Proposed Disposal by the shareholders of Sunpower Technology in a general meeting;</p> <p>(h) <u>Approval by shareholders of Sunpower International:</u> approval of the execution, delivery and performance of the SPA by the shareholders of Sunpower International in a general meeting;</p> <p>(i) <u>Approval by shareholders of the Company and Bondholders:</u> approval of the execution, delivery and performance of the SPA by the shareholders of the Company in a general meeting and the consent or waiver pursuant to the Convertible Note Purchase Agreements by the Bondholders;</p> <p>(j) <u>Formulation of a Guarantee Discharge Plan:</u> The relevant parties having formulated a practicable plan for the discharge of the M&amp;S Corporate Guarantees provided by the M&amp;S Group for the benefit of the GI Group and having submitted such plan to the Purchaser. Prior to the discharge of the M&amp;S Corporate Guarantees, Sunpower International shall provide Sunpower Technology with back-to-back undertakings to Sunpower International, solely in respect of the M&amp;S Corporate Guarantees, pursuant to which Sunpower Technology shall be entitled to a recourse against Sunpower International to the extent that Sunpower Technology suffers any loss in connection with or arising out of the M&amp;S Corporate Guarantees due to a default by a GI Group entity under the Relevant Loan Facilities;</p> <p>(k) <u>Non-Competition:</u> the key employees as specified under the SPA having signed non-competition agreements in the form and content set out in the SPA ("<b>the Non-Competition Agreements</b>");</p> <p>(l) <u>No Material Adverse Effect:</u> there being no material adverse effect on Sunpower Technology in all material respects, including the business, technical, legal and financial conditions of Sunpower Technology, unless (i) Sunpower International and the Purchaser have entered into a new arrangement with respect to the material adverse effect; or (ii) the Purchaser has waived the liability of Sunpower International and Sunpower Technology in respect of such material adverse effect;</p> <p>(m) <u>No Horizontal Competition:</u> as at the Tranche 1 Completion Date, the M&amp;S Group Companies being the only entities that own the technologies and qualifications and engage in activities related to the M&amp;S Business, and there being no horizontal competition between Sunpower International and other business entities controlled or owned by Sunpower International on one hand, and the M&amp;S Group on the other hand;</p> <p>(n) <u>No Material Event:</u> unless otherwise agreed by the Purchaser or</p>
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		<p>agreed between the Purchaser and Sunpower International, the M&amp;S Group Companies have not engaged in, or entered into legally binding contracts or made legally binding resolutions or decisions with respect to, certain pre-closing restrictions imposed on the M&amp;S Group from the date of the SPA until the Tranche 1 Completion Date; and</p> <p>(o) <u>Confirmation Letter</u>: Sunpower International having issued to the Purchaser a confirmation letter confirming that all of the aforementioned conditions precedent to the payment of the Tranche 1 Consideration have been satisfied in full, and having provided the relevant documents certifying satisfaction of such conditions precedent, save for conditions which have been waived in writing by the Purchaser.</p>
2.	Tranche 2 Conditions	<p>The Purchaser's obligation to pay the Tranche 2 Consideration is conditional upon the satisfaction or waiver in writing by the Purchaser (as the case may be) of, <i>inter alia</i>, the following conditions:</p> <p>(a) <u>Discharge of Guarantees or Repayment of Loan</u>: The discharge of all of the M&amp;S Corporate Guarantees or the repayment of all outstanding amounts (including accrued interest) under the Relevant Loan Facilities; and</p> <p>(b) <u>Confirmation Letter</u>: Sunpower International having issued to the Purchaser a confirmation letter confirming that all of the aforementioned conditions precedent to the payment of the Tranche 2 Consideration have been satisfied in full, and having provided the relevant documents certifying satisfaction of such conditions precedent, save for conditions which have been waived in writing by the Purchaser.</p>
3.	Termination	<p>The SPA may be terminated prior to the Tranche 1 Completion Date in the following circumstances:</p> <p>(a) by mutual written consent of the Parties prior to the Advance Payment Date or the Tranche 1 Completion Date;</p> <p>(b) If the Tranche 1 Completion Date does not occur or cannot be completed within nine (9) months from the date of the SPA, or such other date as the Parties may agree in writing (the "<b>Long-Stop Date</b>"), the Parties shall negotiate an extension of the period for the Tranche 1 Completion Date, and if no such extension is agreed upon between the Parties within three (3) days after the Long-Stop Date or if the Tranche 1 Completion Date is not completed by the Long-Stop Date, then either Sunpower International or the Purchaser shall have the right to terminate the SPA without liability for breach; provided, however, that a Party shall not have such right to terminate the SPA if the failure of such Party to perform any of its obligations under the SPA results in the Tranche 1 Completion Date not occurring on or before the Long-Stop Date;</p>

	<p>(c) either Party may terminate the SPA without liability for breach if completion of the Proposed Disposal is held to be unlawful under a valid law or is prohibited by a final and non-appealable government order that has become effective;</p> <p>(d) either Party shall have the right to terminate the SPA without liability for breach if there is a material breach of any representation, warranty, undertaking or covenant of the other Party set forth in the SPA, which breach would have a material adverse effect on such Party's performance of its obligations under the SPA or the completion of the Proposed Disposal, and is not cured by such Party within thirty (30) days after its receipt of the first Party's written notice or is unable to be cured by the Long-Stop Date;</p> <p>(e) Sunpower International shall have the right to terminate the SPA without liability for breach if the SPA or the transactions contemplated therein is not approved by the shareholders of Sunpower International at a general meeting, the shareholders of the Company at a general meeting and/or the SGX-ST;</p> <p>(f) Sunpower International shall have the right to terminate the SPA without liability for breach if there is a delay of seven (7) days due to the Purchaser's failure to comply with its obligation to make the Advance Payment and/or pay the Tranche 1 Consideration in accordance with the terms of the SPA, except in the event of such delay being due to a delay or failure in the processing of expatriation of the payment by the relevant administration of foreign exchange or authorised bank; or</p> <p>(g) if the Tranche 1 Consideration is not paid on or before the Long-Stop Date due to the delay or failure of the relevant administration of foreign exchange or authorised bank in processing the expatriation of the Tranche 1 Consideration, the Parties shall use their best efforts to complete the payment following the principle of friendly negotiation and facilitating the transaction. Notwithstanding the foregoing, Sunpower International shall have the right to terminate the SPA without liability for breach.</p> <p>In the event that the SPA is terminated in accordance with sub-paragraph (e), or for reasons attributable solely to Sunpower International, within ten (10) Business Days after the date of such termination, the escrowed Consideration (including the accrued interest, if any) paid will be released and returned to the Purchaser.</p> <p>In the event that the SPA is terminated for reasons attributable to the Purchaser, Sunpower International shall have the right to withhold the Advance Payment and use such funds in its sole discretion without returning the Advance Payment to the Purchaser, and Purchaser shall not be entitled to require Sunpower International to return the Advance Payment. Within ten (10) Business Days after the date of such termination, the Advance Payment shall be released from escrow and transferred to Sunpower International and, if applicable, the Purchaser shall pay to Sunpower International the</p>
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		amount of compensation payable under Paragraph 4 of this <b>Appendix 1</b> to this Announcement, and the remainder of the Consideration which is escrowed (and the interest accrued thereon) shall be released and returned to the Purchaser.
4.	Indemnity and Costs	<p>In the event that the SPA is terminated for reasons attributable to the Purchaser, the Purchaser shall bear and indemnify Sunpower International and the M&amp;S Group for the costs and losses actually incurred thereby in carrying out the Proposed Disposal in an amount to be determined by Sunpower International with provision of proof. The Purchaser's total liability shall not exceed the amount of the Advance Payment (and interest accrued thereon) paid by the Purchaser.</p> <p>In the event that the SPA is terminated for reasons not attributable to either Party, the actual costs incurred by the Parties shall be borne by the respective Parties. Within ten (10) Business Days after the date of termination of the SPA, both Parties shall agree to jointly release the escrowed Consideration (and interest accrued thereon) to the Purchaser, and within thirty (30) Business Days after the date of such termination, Sunpower International shall refund all other amounts paid by the Purchaser.</p>

**APPENDIX 4**  
**SUMMARY OF KEY PROPOSED AMENDMENTS**

All capitalised terms used and not defined in this Announcement shall have the same meanings given to them in the Amendment Agreement, a copy of which is available for inspection during normal business hours at the registered office of the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, for a period of three (3) months commencing from the date of this Announcement.

No.	Clause	Description
1.	FY2021 Performance Target of RMB460 million for M&S Business and GI Business will be replaced with FY2022 Performance Target of RMB325 million for GI Business <sup>8</sup>	<p>The performance target under the Existing Terms in respect of the financial year ended 31 December 2021 ("<b>FY2021</b>") will be replaced with a new performance target in respect of the financial year ended 31 December 2022 ("<b>FY2022</b>"). The original FY2021 performance target was intended for both the M&amp;S Business and the GI Business. The revised FY2022 performance target pertains solely to GI Business and is intended to measure the management operating performance of the GI Business alone.</p> <p>Correspondingly, the floor to the performance shortfall adjustment mechanisms under the Existing Terms has been adjusted from RMB154 million to RMB108 million in proportion to the adjustment of the performance target from RMB460 million for FY2021 to RMB325 million for FY2022.</p>
2.	Definition of "Adjusted PATMI"	<p>The definition of "Adjusted PATMI" as used to define the performance targets under the Existing Terms will be revised to further include the following:</p> <p>"The actual PATMI (a) shall be reduced by all operational costs and expenses incurred by the Issuer or any other Group Member in relation to their respective businesses including management resources with respect to the GI Business and (b) shall exclude the following items incurred outside of PRC: (i) the remuneration of the Issuer's directors and expenses incurred in the performance of their duties as directors (such as costs for director liability insurance and travel and accommodation expenses), (ii) the remuneration of the Issuer's employees who are responsible for listing related matters and expenses incurred in the performance of their duties regarding such matters (such as travel and accommodation expenses) and (iii) costs and expenses incurred by the Issuer for the engagement of agents and service providers in relation to the Issuer's listing related matters."</p>

<sup>8</sup> The Amendment Agreement also confirms that the aggregate principal amount of the Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds issued as at the date of the Amendment Agreement is US\$130 million and that the Performance Targets are based on fully-diluted shares of the Company after taking into account the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds which have been issued on or before the Amendment Agreement. As such, the computation of fully-diluted shares of the Company as a consequence will operate on the basis of the Issued Bonds (being, as at the date of this Announcement, US\$130 million in principal amount) as opposed to the aggregate amount of the Convertible Bonds (being US\$180 million). The foregoing takes into account the Company's ability to secure alternative sources of financing which results in a reduction in dilution of shareholding for existing Shareholders, as well as to allow for a more accurate computation of the Company's fully-diluted shareholding.

3.	Maturity Date	To align with the foregoing amendments relating to performance targets and "Adjusted PATMI" as used under the Convertible Note Purchase Agreements, the maturity date of the Convertible Bonds will accordingly be extended from 3 March 2022 to 3 March 2023.
4.	Adjustments to Performance Targets in relation to further issuance of additional Convertible Bonds	The revised performance targets will be further increased proportionately with any additional Convertible Bonds issued.
5.	Incorporation of Adjustment Waiver	<p>Adjustments to Conversion Price resulting from the Performance Targets will be waived by a Bondholder in the event that the Bondholder, prior to its final exit of its investment, receives cash proceeds in relation to its Bondholder's securities (including for the avoidance of doubt the cash coupons and/or interests received thus far and the Proposed Special Dividend) pursuant to the terms of the Convertible Bond Purchase Agreements in excess of the higher of:</p> <p>(a) 2.0 times of the principal amount of the Issued Bonds, or</p> <p>(b) if on or before 3 March 2022, 2.0 times of the principal amount of the Tranche 1 Convertible Bonds; or, if after 3 March 2022, the greater of (i) 2.0 times of the principal amount of the Tranche 1 Convertible Bonds and (ii) an amount which would generate 20% returns on the Bondholder's Tranche 1 Convertible Bonds within the meaning of the Existing Terms, as the case may be.</p>
6.	Redemption Right based on "Adjusted PATMI" for GI Business	The Bondholders' right of redemption under the Existing Terms will be amended to take reference of the Adjusted PATMI of the GI Business as the only remaining business of the Group post-completion. As between FY2020 to FY2022, Bondholders will have the right to redeem the bonds at a price equal to the principal amount and accrued unpaid interest on the outstanding principal amount as well as a premium that would generate a 8% return for the Bondholders within the meaning of the Existing Terms, in the event that the Company's "Adjusted PATMI" in respect of the GI Business for any financial year is less than that for the immediately preceding financial year.
7.	Excess Return Sharing	In respect of the sharing of excess return enjoyed by the Company under Section 8 of the Existing Terms, in the event that the Bondholders receive returns of certain threshold amounts before the final exit of their investment (calculated having regard to the amount of Issued Bonds as opposed to the aggregate amount of the Convertible Bonds), instead of the sharing of 100% of such excess returns under the Existing Terms, the Bondholders will only share 50% of such excess returns with the Company as recognition of the management's contributions. This also means that the previous proposal by the Company to share 50% of such excess returns with the Shareholders

		<p>when 100% of the same is being shared with the Company will no longer apply.</p> <p>In this regard, Mr. Guo and Mr. Ma will not retain any portion of such excess returns being shared by the Bondholders with the Company and will instead distribute the same to the other members of the Company's management.</p>
8.	Key Men-related Terms	There will be amendments relevant to the provisions relating to the "Key Men" of the Company (as defined under the Existing Terms as Mr. Guo and Mr. Ma) and to their positions and involvement in the Company.
9.	Force Majeure Events	The Amended Terms will provide for certain force majeure events that have a material, serious and adverse effect on the Group's businesses, operations and financial positions, and how they are to be dealt with in respect of performance target adjustment mechanisms and the Bondholders' redemption rights. Upon the occurrence of such events, the Company will discuss with the Bondholders as to an amendment to the relevant provisions of the Convertible Bond Purchase Agreements that may be mutually agreed by the Company and the Bondholders in writing upon friendly negotiation in good faith.