

Investor Presentation on

- **Proposed Disposal of Entire M&S Business**
- **Proposed Amendments to CB Purchase Agreements**

4 January 2021

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Sunpower at a Glance

Green Investments (“GI”)	Manufacturing & Services (“M&S”)
<ul style="list-style-type: none">• 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• Supply of pollution-free civil heating to a large base of residential households, and• Sale of electricity to the State Grid• Typically 30-year operating concession right• 11 Projects in the current GI portfolio, of which 9 are currently operational or have commenced trial operations	<ul style="list-style-type: none">• Manufacturing and provision of high-end customised environmental protection products and solutions such as<ul style="list-style-type: none">• highly efficient heat exchangers and pressure vessels,• heat pipes and heat pipe exchangers,• pipeline energy saving products and related environmental protection products,• solutions for flare and flare gas recovery systems,• zero liquid discharge systems for high-salinity wastewater,• petrochemical engineering, and• thermal power engineering

GI and M&S are distinct and separate with different business models

Own sets of customers, suppliers, manpower, facilities and management teams

M&S is manufacturing-based business with order driven, high working capital business model

GI is asset-based business with recurring income, high cash flow generation business model



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Proposed Disposal of M&S Business and Assets

- Sunpower International entered into a Sales & Purchase Agreement (“SPA”) on 31 December 2020 to sell Sunpower Technology (“M&S business and assets”) to Nanjing Sunpower Holdings (“Purchaser”)
- Gross Consideration of RMB2.29 billion in cash, to be paid in two Tranches

Transaction timeline	SPA signing	Tranche 1 Completion Date	Tranche 2 Completion Date	Completion
Timeline for transfer into escrow account by Purchaser	Within 22 biz days of SPA signing	On or prior to Tranche 1 Completion Date		
Amount to be transferred into escrow account by purchaser	10% of Consideration RMB229m	90% of Consideration RMB2.061bn		
Timeline for payment from escrow account to Sunpower International		Within 20 biz days of conditions satisfied or waived	Within 20 biz days of conditions satisfied or waived	Within 15 biz days of Tranche 2 Completion Date
Amount to be paid from escrow account to Sunpower International		70% of Consideration RMB1.603bn ¹	30% of Consideration RMB687m	
Long-Stop Date	9 months from SPA signing			

¹ Before deducting taxes

Purchaser

- Purchaser is Special Purpose Vehicle (SPV) incorporated in PRC to undertake the proposed acquisition of M&S
- Shareholders of Purchaser as at 31 December 2020 are Mr Guo and Mr Ma, each holding 50% equity stake
- The legal representative and Executive Director of the Purchaser is Mr Guo as at 31 December 2020
- Upon shareholder approval at the Special General Meeting (“SGM”), the Purchaser shareholders will be as follows:

Purchaser investors/shareholders¹

64.05%	Consortium of PRC funds and independent minority investors, with lead investors being <ul style="list-style-type: none">• Guangdong China Science and Tech-innovation Capital Management (“CSTC”)• CICC Alpha (Beijing) Investment Co., Ltd (“CICC”)
35.95%	Mr Guo (14.9%), Mr Ma (14.9%), certain employees of M&S Group

- CSTC, established in 2009, is engaged in private equity investment and venture capital investment management businesses with more than RMB15 billion in private equity funds under management
- CICC Alpha, established in 2014, is a subsidiary of China International Capital Corporation (“CICC”) and is one of CICC's direct investment platforms. CICC Alpha's principal business activities include asset management

¹ 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.

Use of Net Proceeds

Net Proceeds (RMB'million)	2,021
- Declare the proposed Special Dividend to shareholders and bondholders ¹	1,340
- To undertake existing GI projects and for general working capital purposes	551
- To repay existing payables due from GI group to M&S group	130

- ¹ 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.

Rationale for the Proposed Disposal

Unlocks value to benefit shareholders in the form of attractive premium pricing and Special Dividend

- Special dividend of RMB1.1627 (S\$0.2359) per share intended to be paid to shareholders and bondholders

Special Dividend ¹	Dividend per share	Payable after
Total	RMB1.1627 (S\$0.2359)	
- Tranche 1	- RMB0.6794 (S\$0.1379)	Tranche 1 Completion Date
- Tranche 2	- RMB0.4833 (S\$0.098)	Tranche 2 Completion Date

- Consideration at an attractive premium

121.2% - 132.7%	of the independent valuation of RMB1.726 - 1.89 billion by Independent Valuer EY Corporate Advisors	
50.0%	of the Company's market capitalization on the Last Trading Day ²	
As at 31 Dec 2019	As at 30 Sep 2020	
2.3x	1.9x	of the Net Tangible Assets of the M&S business
12.2x	n/a	of the net profits after tax attributable to the M&S business

¹ 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"). 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.

² 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.

Rationale for the Proposed Disposal

Enable strategic focus on GI business in a Large Addressable Market

- **GI business has significant potential to deliver long-term value**
 - Exclusive supply status, long-term operating concession, non-discretionary product, captive customer base
 - Proven ability to generate recurring high-quality long term cash flow and income, with attractive double-digit project IRR
- **GI business is well-positioned to expand further in PRC anti-smog sector**
 - Structural growth drivers, e.g. mandatory closure of small dirty boilers, mandatory location of factories in industrial parks
 - Long term growth potential from organic growth of PRC industrial parks
- **Multiple potential sources of capital to fund GI growth strategy**
 - Including future expected cashflows from existing GI projects and external sources such as bank loans, medium-term note programmes, future equity offerings, and/or divestment of certain GI assets
- **Dedicated management to lead next phase of GI expansion**
 - Mr Ma Ming, who has led the formulation of the strategic plan and business model and takes charge of the entire business development cycle, will continue to lead GI business into next phase
 - Proven track record, favorable position to procure new GI projects and expand certain existing GI projects



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Rationale for Proposed Amendments to Convertible Bonds (CB) Purchase Agreements

Without prior written consent of the Bondholders, the Company may not

- Undertake any disposal of any material assets or businesses except as contemplated in the current business plan
- Take any voluntary corporate action which would require Company to obtain shareholder approval
- Change the size or composition of the board of directors or the compensation of Mr Guo and Mr Ma, or appoint, remove or settle the terms of their appointment

Rationale for Proposed Amendments

- The Proposed Disposal would constitute a disposal of a material business of the Company
- Subject to shareholders' approval under Chapter 9 (Interested Person Transactions) and Chapter 10 (Significant Transactions) of the Listing Manual
- Roles of Mr Guo and Mr Ma on the Company's Board and their compensation are expected to change in connection with the Proposed Disposal

Proposed Amendments to CB Purchase Agreements*

* To be read in conjunction with Appendix 4 of the Announcement

1. To better measure the operating performance of the GI Business

- Performance Target (“PT”) for FY2021 of RMB460 million will be replaced with a new PT of RMB325 million for FY2022
- Original FY2021 PT was intended for M&S and GI. Revised FY2022 PT is only for GI Business and is intended to measure the GI business’s management operating performance alone

2. Definition of “Adjusted PATMI” used to define the PTs revised to further include:

- Actual PATMI shall be reduced by all operational costs incurred by the Group or any Group member in relation to their respective businesses including management resources with respect to the GI Business
- Shall exclude costs incurred outside the PRC for remuneration and expenses incurred in the performance of their duties of the Group’s directors and employees who are responsible for listing related matters, and agent and service provider engagement costs for listing related matters

3. To extend maturity date of CBs from 3 March 2022 to 3 March 2023

- To align with the amendments relating to performance targets and “Adjusted PATMI”

4. Adjustments to PTs in relation to further issuance of additional CBs

- Revised PTs will be further increased proportionately with any additional CBs issued

Proposed Amendments to CB Purchase Agreements*

* To be read in conjunction with Appendix 4 of the Announcement

5. Incorporation of Adjustment Waiver

- Adjustments to conversion price resulting from the PTs will be waived if Bondholders, before final exit, receives cash proceeds in excess of certain thresholds

6. Redemption right based on “Adjusted PATMI” for GI business

- Between FY2020 and FY2022, bondholders will have the right to redeem CBs if "Adjusted PATMI" of the GI Business for any financial year is less than that for the immediately preceding financial year

7. Force majeure events

- Provide for certain force majeure events that have a material, serious and adverse effect on the Group's businesses, operations and financial positions

8. Excess return sharing

- Bondholders will share 50% of excess returns with Company as recognition of the management’s contributions, if Bondholders receive returns of certain threshold amounts before final exit
- 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 Group's management

GI will be Group's Remaining Core Business Upon the Completion of Transaction



* Phase 1 of Shantou Project is in trial production.

- **GI is the primary growth driver and value creator**
- **Strong business fundamentals**
 - Enormous business opportunities in China's anti-smog sector
 - Superior business model: Exclusive supplier, captive customer base with operating concessions of typically 30 years and first right to renew such concessions
 - Long-term, high quality, recurring cashflow and income
 - Strong and proven track record, structural growth drivers
 - Double-digit project internal rates of return
- **Professional and experienced business team***
- **Mr Guo and Mr Ma remain committed to increasing value**
 - Will still be controlling shareholders of Sunpower, no change in equity holdings
 - Mr Ma to remain Executive Director and will continue to spearhead and run GI
 - Mr. Guo will continue to provide support and assistance to the Group in his re-designated capacity

* Further details of the key management of GI group will be disclosed in the Circular



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Appendices

The Transaction IPTs

In connection with Proposed Disposal, Company may enter into the following transactions which constitute deemed interested person transactions (“Transaction IPTs”):

M&S Corporate Guarantees:

- Certain M&S Group companies have provided corporate guarantees for bank loan facilities to GI Group companies for an aggregate amount of RMB1.72 billion. All such guarantees must be discharged as part of Tranche 2 Conditions
- Sunpower Technology has undertaken that, after Tranche 1 Completion Date, it and its subsidiaries shall continue to provide existing guarantees until the completion of procedures to discharge the guarantees with banks
- Group will seek to discharge the guarantees by way of engaging with the banks to discharge or replace the guarantees, or to consider the practicality of repaying any or all of the facilities in order to satisfy relevant Tranche 2 Condition

M&S Trademark Assignments

- Certain trademarks which are necessary for the M&S Group's conduct of the M&S are currently held by a Group entity which will not be disposed of pursuant to the Proposed Disposal.
- 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

Proforma Financial Effects*

* To be read in conjunction with items 5.2 to 5.2.5 of the Announcement

Proforma effect on	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
NET TANGIBLE ASSETS				
NTA (S\$'000)	128,463	334,916	184,960	356,774
NTA per Share (assuming non-conversion scenario) (cents)	16.28	42.43	23.43	45.20
NTA per Share (assuming the Issued Bonds are converted) (cents)	11.15	29.06	16.05	30.96
EARNINGS PER SHARE				
Assuming Non-Conversion Scenario:				
Profit/(Loss) after tax attributable to Shareholders (S\$'000)	28,149	217,724	56,269	211,234
EPS (cents)	3.61	27.94	7.13	26.76
Assuming Full-Dilution Scenario:				
Profit/(Loss) after tax attributable to Shareholders (S\$'000)	71,882	261,457	56,226	211,191
EPS (cents)	6.30	22.91	4.88	18.34
	As at 31 December 2019	As at 30 September 2020		
GAIN ON THE PROPOSED DISPOSAL				
Net Profits attributable to the M&S Group (S\$'000)	38,173	34,720		
Gain on Disposal (S\$'000)	189,575	154,965		
EXCESS OF PROCEEDS				
NTA attributable to the M&S Group (S\$'000)	205,660	240,298		
Excess of Proceeds over NTA	127%	94%		

Key Terms* of the SPA

* To be read in conjunction with Appendix 3 of the Announcement

Tranche 1 Conditions – The Purchaser’s obligation to pay Tranche 1 Consideration is conditional upon satisfaction or waiver... of the following conditions:

a.	Warranties	The representations and warranties of Sunpower International as set forth in the SPA being true and correct in all material respects...
b.	Performance	Sunpower International having performed in all material aspects all of its obligations...
c.	Orders and Laws	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...
d.	Regulatory Approvals	Approval from the SGX-ST...
e.	Change of Business Registration	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)...
f.	Transaction Documents	Sunpower International completed the signing of documents including SPA and annexes including non-competition and escrow agreements
g.	Approval by shareholders of Sunpower Technology	Approval of the Proposed Disposal by the shareholders of Sunpower Technology in a general meeting
h.	Approval by shareholders of Sunpower International	Approval of the execution, delivery and performance of the SPA by the shareholders of Sunpower International in a general meeting
i.	Approval by shareholders of the Company and Bondholders	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

Key Terms* of the SPA

* To be read in conjunction with Appendix 3 of the Announcement

Tranche 1 Conditions – The Purchaser’s obligation to pay Tranche 1 Consideration is conditional upon satisfaction or waiver... of the following conditions:

j.	Formulation of a Guarantee Discharge Plan	The relevant parties having formulated a practicable plan for the discharge of the M&S Corporate Guarantees provided by the M&S Group for the benefit of the GI Group and having submitted such plan to the Purchaser...
k.	Non-Competition	The key employees as specified under the SPA having signed non-competition agreements...
l.	No Material Adverse Impact	There being no material adverse effect on Sunpower Technology in all material respects, including the business, technical, legal and financial conditions of Sunpower Technology...
m.	No Horizontal Competition	As at the Tranche 1 Completion Date, the M&S Group Companies being the only entities that own the technologies and qualifications and engage in activities related to the M&S Business...
n.	No Material Event	Unless otherwise agreed by the Purchaser or agreed between the Purchase and Sunpower International, the M&S Group Companies have not engaged in, or entered into legally binding contracts or made legally binding resolutions or decisions...
o.	Confirmation letter	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...

Tranche 2 Conditions – The Purchaser’s obligation to pay Tranche 2 Consideration is conditional upon satisfaction or waiver... of the following conditions:

a.	Discharge of Guarantees or Repayment of Loan	All M&S Corporate Guarantees shall be discharged
b.	Confirmation letter	Sunpower International issued to Purchaser a letter to confirm that all Tranche 2 conditions satisfied in full, with relevant certification documents

Key Terms* of the SPA

* To be read in conjunction with Appendix 3 of the Announcement

Termination – The SPA may be terminated prior to the Tranche 1 Completion Date in the following circumstances:

a.	By mutual written consent of the Parties prior to the Advance Payment Date or the Tranche 1 Completion Date
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 "Long-Stop Date"), the Parties shall negotiate an extension of the period for the Tranche 1 Completion Date...
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...
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...
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...
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...
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...
	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.
	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...

Key Terms* of the SPA

* To be read in conjunction with Appendix 3 of the Announcement

Indemnity and Costs

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&S Group for the costs and losses actually incurred...

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...

Proposed Amendments* to Convertible Bond Purchase Agreements

* To be read in conjunction with Appendix 4 of the Announcement

1. Revision of Performance Targets ("PT")	<ul style="list-style-type: none"> PT for FY2021 will be replaced with a new PT for FY2022. Original FY2021 PT was intended for both M&S and GI businesses. Revised FY2022 PT pertains solely to GI Business and is intended to measure the operating performance of GI Business alone. Correspondingly, the floor to the performance shortfall adjustment mechanisms has been adjusted from RMB 154 million to RMB 108 million in proportion to the adjustment of the PT from RMB 460 million for FY2021 to RMB 325 million for FY2022.
2. Definition of Adjusted PATMI	<p>To arrive at Adjusted PATMI used to define the PT, Actual PATMI</p> <ul style="list-style-type: none"> a) shall be reduced by all operational costs and expenses incurred by Sunpower 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: <ul style="list-style-type: none"> (i) the remuneration of 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 Sunpower'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 Sunpower for the engagement of agents and service providers in relation to listing related matters.
3. Maturity date of CBs	Extended from 3 March 2022 to 3 March 2023.
4. Adj. to PTs for further CB issuance	The revised PTs will be further increased proportionately with any additional Convertible Bonds issued.
5. Incorporation of Adjustment Waiver	<p>Adjustments to Conversion Price resulting from the PTs will be waived if the Bondholder, prior to its final exit, receives cash proceeds (including cash coupons and/or interests received thus far and the Proposed Special Dividend) in excess of the higher of</p> <ul style="list-style-type: none"> (i) 2.0 times of the principal amount of the Issued Bonds or (ii) if determined on or before 3 March 2022, 2.0 times of the principal amount of the Tranche 1 Convertible Bonds; or, (iii) if determined after 3 March 2022, the greater of (AA) 2.0 times of the principal amount of the Tranche 1 Convertible Bonds, and (BB) an amount which would generate 20% returns on the Bondholder's Tranche 1 Convertible Bonds, as the case may be.

Proposed Amendments* to Convertible Bond Purchase Agreements

* To be read in conjunction with Appendix 4 of the Announcement

6. Redemption right based on Adjusted PATMI for GI business	<ul style="list-style-type: none">Bondholders' right of redemption will be amended to take reference of the Adjusted PATMI of the GI Business as the only remaining business of the Group after completion.If "Adjusted PATMI" of the GI Business for any financial year is less than that for the immediately preceding financial year 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 of the bonds as well as a premium that would generate a 8% return.
7. Excess Return Sharing	<ul style="list-style-type: none">If 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), the Bondholders will only share 50% of such excess returns with the Company as recognition of the management's contributions instead of the sharing of 100%. This also means that the previous proposal by the Company to share 50% of such excess returns with the Shareholders when 100% of the same is being shared with the Company will no longer apply.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.
8. Key Men Terms	<ul style="list-style-type: none">Amendments relevant to the provisions relating to the “Key Men” of the Company (defined as Mr Guo and Mr Ma) and to their positions and involvement in the Company.
9. Force Majeure Events	<ul style="list-style-type: none">Amended Terms will provide for certain force majeure events that have a materially adverse effect on the Group's businesses, operations and financial positions, and how they are to be dealt with in respect of performance 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 that may be mutually agreed by the Company and the Bondholders in writing upon friendly negotiation in good faith.